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**Greece**

**Cotton and Products**

**Annual**

**2003**

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**Report Highlights:**

In 2002 Greek farmers exceeded the EU cotton production quota by an estimated 38,200 tons (seed cotton). Total lint production was 373,230 tons. Production for 2003 is estimated to continue at the 2002 level. Exports in 2002 were 255,000 tons, and are estimated to be slightly lower in 2003. Limited HVI-certified, U.S. origin fiber is used to blend with local fiber to improve milling quality. A small quantity, 600 to 700 tons, of extra long staple cotton is imported annually and used in knits. ELS imports are non-US origin.

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
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## SUPPLY & DEMAND, POLICY & MARKETING

### Production

According to industry and farmer sources, as there are no official data for cotton output yet available, the 2002 crop output is estimated at 1,131,000 MT (seed cotton). Planted acreage is approximately 360,000 Ha (355,000 Ha harvested). The 1,131,000 MT is reported as a subsidized quantity because the actual seed cotton production was much higher than the EU quota. The actual cultivated cotton acreage in 2002 is estimated at 372,000 Ha but only 360,000 Ha were eligible for receiving price subsidy on lint. Yields in a good year fluctuate between 3,180-3,250 kg/ha. The quantity of seed cotton (2002 crop) which was not eligible for the price subsidy, and therefore sold at the international price, reached 38,200 MT. This figure is subject to revision.

According to EU Reg. 1050/2001 and 1051/2001, which imposes penalties when production exceeds an allowable quota, in 2003 farmers are required to replace cotton acreage with alternative crops such as durum wheat, tomatoes for processing (industrial tomatoes) and corn to boost incomes and minimize the loss from cotton acreage reduction. Farmers receive a price subsidy when lint production stays within quota.

The seed cotton production quota established by the above Regulation for both Spain and Greece is set at 1,031,000 MT. In 2002, farmers exceeded the quota, which resulted in lower price subsidies as discussed in previous cotton reports.

For the 2002 cotton crop, farmers received payments of approximately 0.73-0.75 Euros/kg for seed cotton within the period of October-November 2002. Prices after December 2002 fluctuated between 0.82-0.88 Euros/kg as farmers kept better quality cotton in on-farm storage. Farmers keep their best harvest on farm and deliver it later to millers in order to achieve better prices. This cotton is usually of lower moisture content (about 10%) and can be kept in storage for a longer period of time. Usually the moisture content of seed cotton delivered to millers does not exceed 14 percent.

By the end of May 2003 the final cotton price for the 2002 crop will be settled by the EU Commission. If the EU Commission finally approves the Greek production of 2002, at the 1,131,000 MT quota, the cotton target price to be paid to farmers will be set at 0.81 Euros/kg. It is estimated that Greek farmers will receive an additional 0.084 Euros/kg over the amount they have received in advance during the milling campaign.

The total number of Cotton mills in operation this year was 80, of which 15 are cooperative plants. According to industry sources, high prices paid to farmers, in advance, by a number of processors, determine export prices of lint cotton sold by the processors to foreign and domestic markets. According to the cotton mills, many of them pay farmers higher advance payments, in order to buy enough seed cotton to operate their plants. This procedure affects the flexibility to trade cotton lint at reasonable prices in the long run. Higher advance payments and increasing operational costs of mills have led to higher cotton lint prices (to cover part of these costs), but it also increased the miller's debt to commercial banks. On the other hand farmers are always complaining about the European Common Agricultural Policy (CAP) for cotton, due to cuts in their subsidy price.

Proposed CAP reform will negatively affect future cotton crops as it may affect other Mediterranean products. The gradual cut in subsidies as direct payments to growers will affect cotton farmers, who depend highly on EU subsidies to supplement their income.

After the experience of 2002, the Ministry of Agriculture has instructed farmers not to exceed plantings of 360,000 Ha for the 2003-2004 season, to keep the amount of penalties farmers have to pay to a minimum. This was a Ministry of Agriculture (MOA) letter sent to all regional Ministry of Agriculture offices in an attempt to alert cotton farmers. There is no GOG enforcement plan. The MOA wanted to pass the responsibility to farmers in case they exceed the quota again next year. The GOG does not want to be held responsible for any reduction of prices farmers receive due to overproduction.

The 2003 acreage of cotton fields planted to cotton this spring, by region, is broken down as follows:

Area	2003
Thrace	52,000
Macedonia	90,000
Thessaly	120,000
W. Greece	13,000
Central Greece	85,000
TOTAL	360,000 Ha

*\* Figures are preliminary estimates based on Ag. Office's sources (Min. Ag. excluded).*

Imported cotton seed is handled by private importers. For 2002, Greece imported an estimated 4,500-5,000 MT (out of a total of 11,000 MT planted per year), with 65%-80% of the imported seed originating in the U.S. The range is wide because some U.S. seed enter the EU at other European ports before it enters Greece. According to seed traders, despite concerns over biotech presence and strict GOG control for adventitious GMO presence in conventional seed, US cotton seed imports were not affected during the past two years. A number of importers have managed to import a little more seed in 2002 in order to keep stocks for the 2003 plantings and avoid additional paperwork, sampling and testing.

Crop quality in 2002/03 was higher than a year earlier. About 80 percent of the crop was classified as Box No. 4.5.

## Consumption

The quantity and quality of cotton produced in Greece is sufficient to cover requirements of domestic consumption and leave a considerable surplus for export. Consumption within Greece fluctuates between 165,000-167,000 MT of lint, which includes both domestically produced and imported cotton. Domestic consumption of domestically produced cotton plus some imported cotton, which amounts to 3,000-4,000 MT annually, show a slight increase (1,000 -1,200 per year MT for the past 3-5 years), due to increased lint utilization by the domestic spinning industry and improvement of quality. Extra long staple (ELS) cotton is imported but not grown in Greece.

Yarn production in Greece (2002) is estimated at approximately 142,000 MT (annual basis) compared to only

85,000 MT ten years ago. Yarn produced with natural cotton accounts for almost 65 percent of total yarn production in Greece, while synthetic blends account for about 15 percent.

Other types of yarn produced in Greece include natural silk (1.5 percent), rayon (4.5 percent), wool (7.0 percent) and polypropylene (7 percent). According to the industry, a preference for cotton fabrics far exceeds that of synthetics. Over 40% of the Greek yarn industry's cost of production is spent on the purchase of cotton lint.

The cotton spinning industry in Greece in 2001 had 1,356,000 ring swindles and 36,700 open end rotors. No increase of this capacity is reported. More recent information on Greece's cotton spinning capacity is not available.

## Stocks

Cotton lint stocks show a reduction in recent years and the forecast is that they are going to reach much lower levels in the years to come. By the end of 2003/04 MY, stocks are expected to reach 41,000 MT compared to 77,000 MT a year earlier. This drastic reduction is partly attributed to a slight increase in domestic consumption, relative stability in exports, and drop in cotton production (particularly that which is subsidized).

## Trade

Greek exports of cotton trended upward through CY 1999 and 2000, when exports reached 327,000 MT and 300,000 MT respectively. Since then exports have dropped and have stabilized at approximately 250,000 MT. The biggest importers of Greek cotton are Turkey and the EU.

U.S. cotton exports into Greece have drastically declined in the past few years, due to stiff competition from domestic cotton. Reportedly, some amounts recorded to be from the EU may be of US origin purchased by Greek spinners. These limited amounts of HVI certified U.S. cotton are purchased by Greek manufacturers because the commodity's strength and uniformity helps reinforce their blends. Some extra long staple cotton is also purchased from other origins (approximately 600-700 MT).

There are no significant changes in yarn volume either imported or exported for many years.

The 2002 CY statistics for fabrics and textiles are the following according to NSS.

### Exports 2002

Yarns	Amount (MT)	Value (\$US)
Cotton yarn other than sewing thread, containing $\geq$ 85% cotton by weight (excl. that put up for retail sale)	62,699	115,183,597
Cotton yarn containing predominantly, but $<$ 85% cotton by weight (excl. sewing thread and yarn put up for retail sale)	1,269	4,210,974

Fabrics	Amount (MT)	Value (\$US)
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Woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $\leq 200$ g/m <sup>2</sup>	1,031	8,350,462
Woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $> 200$ g/m <sup>2</sup>	8,605	50,496,180
Woven fabrics of cotton, containing predominantly, but $< 85\%$ cotton by weight, mixed principally or solely with manmade fibres and weighing $\leq 200$ g/m <sup>2</sup>	117	1,284,932
Woven fabrics of cotton, containing predominantly, but $< 85\%$ cotton by weight, mixed principally or solely with manmade fibres and weighing $> 200$ g/m <sup>2</sup>	425	3,745,433
Woven fabrics of cotton, containing predominantly, but $< 85\%$ cotton by weight, other than those mixed principally or solely with manmade fibres	108	201,855

**Imports 2002**

<b>Yarns</b>	<b>Amount (MT)</b>	<b>Value (\$US)</b>
Cotton yarn other than sewing thread, containing $\geq 85\%$ cotton by weight (excl. that put up for retail sale)	15,951	42,547,697
Cotton yarn containing predominantly, but $< 85\%$ cotton by weight (excl. sewing thread and yarn put up for retail sale)	1,430	3,615,063

<b>Fabrics</b>	<b>Amount (MT)</b>	<b>Value (\$US)</b>
Woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $\leq 200$ g/m <sup>2</sup>	5,999	37,818,637
Woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing $> 200$ g/m <sup>2</sup>	12,765	39,531,062
Woven fabrics of cotton, containing predominantly, but $< 85\%$ cotton by weight, mixed principally or solely with manmade fibres and weighing $\leq 200$ g/m <sup>2</sup>	1,458	10,084,839
Woven fabrics of cotton, containing predominantly, but $< 85\%$ cotton by weight, mixed principally or solely with manmade fibres and weighing $> 200$ g/m <sup>2</sup>	1,852	12,064,137
Woven fabrics of cotton, containing predominantly, but $< 85\%$ cotton by weight, other than those mixed principally or solely with manmade fibres	790	1,355,699

Yarn is exported mostly to Spain, Portugal and Italy and imported from Turkey. Fabrics are exported mostly to EU member States and imported from Italy and Pakistan.

## **Marketing**

Marketing of cotton and products takes place by individual cotton trading firms with no support by the state. There are no significant changes in marketing since last year's report GR 2012.

**PS&D Table, Cotton**

PSD Table						
Country	Greece					
Commodity	Cotton				(HECTARES)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		08/2001		08/2002		08/2003
Area Planted	0	415000	0	360000	0	360000
Area Harvested	410000	410000	380000	355000	0	355000
Beginning Stocks	119096	40178	198131	129778	141522	77008
Production	455702	455600	370135	373230	0	373230
Imports	4355	5000	4355	3000	0	4000
TOTAL SUPPLY	579153	500778	572621	506008	141522	454238
Exports	217727	200000	272158	255000	0	240000
USE Dom. Consumption	152409	165000	148054	167000	0	166000
Loss Dom. Consumption	10886	6000	10886	7000	0	6500
TOTAL Dom. Consumption	163295	171000	158940	174000	0	172500
Ending Stocks	198131	129778	141522	77008	0	41738
TOTAL DISTRIBUTION	579153	500778	572620	506008	0	454238



**Export Trade Matrix, Cotton**

Export Trade Matrix			
Country	Greece		
Commodity	Cotton		
Time period		Units:	MT
Exports for:	2001		2002
U.S.		U.S.	
Others		Others	
Germany	12242	Germany	6484
U.K.	7791	U.K.	7075
Italy	98069	Italy	35913
France	6060	France	3081
Other EU	6390	Austria	3470
>EU Total	130552	Other	4587
Turkey	129005	>EU Total	60610
India	19356	Turkey	109230
		Bulgaria	13009
Total for Others	278913		182849
Others not Listed	61035		59061
Grand Total	339948		241910

**Import Trade Matrix, Cotton**

Import Trade Matrix			
Country	Greece		
Commodity	Cotton		
Time period		Units:	
Imports for:	2001		2002
U.S.	305	U.S.	183
Others		Others	
Italy	349	Italy	302
U.K.	620	Belgium-Lux.	18
France	123	France	98
Germany	100	Spain	61
Other EU	141	Other EU	41
>EU Total	1333	>EU Total	520
Turkey	588	Turkey	1044
Pakistan	633	Pakistan	593
		FYROM	48
Total for Others	2554		2205
Others not Listed	760		76
Grand Total	3619		2464