



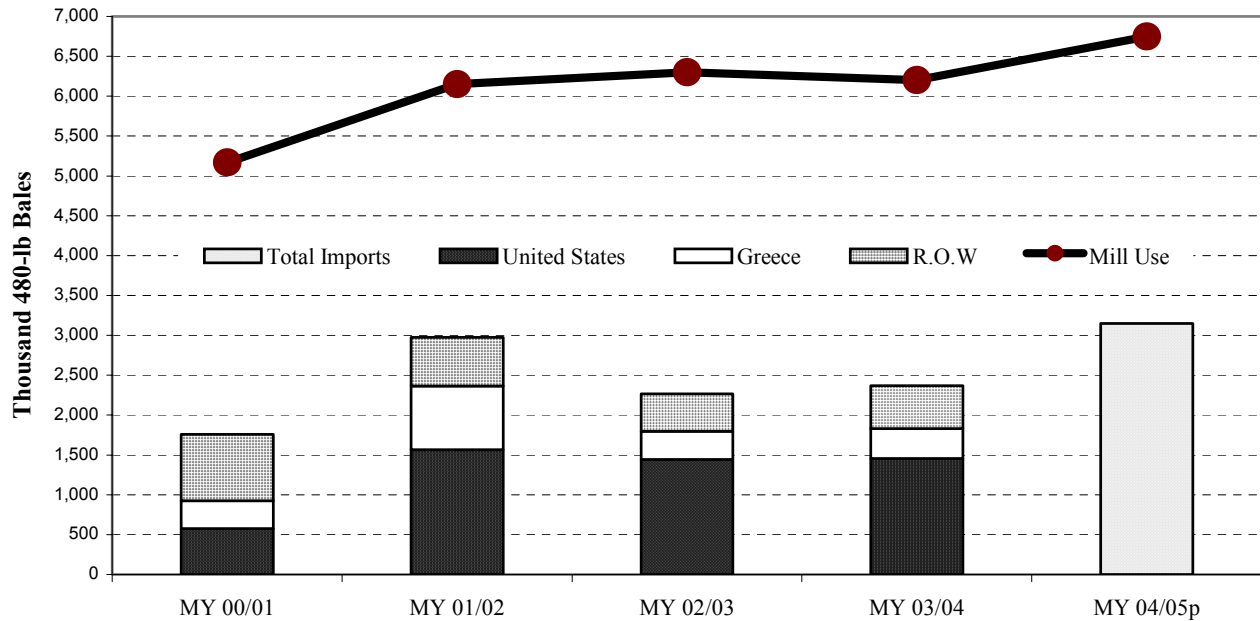
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# Cotton: World Markets and Trade

## Turkey Cotton Imports Hit Record, U.S. Share Slips



Turkey's cotton imports and mill use are expected to soar to record levels in MY 2004/05. Meanwhile, the United States, Turkey's primary cotton supplier, is losing market share despite increasing exports. For 2004/05, Turkey's imports are forecast at 3.15 million 480-lb bales, up 33 percent from 2003/04; local consumption is forecast at 6.75 million bales, up 9 percent.

Turkey is the world's second largest cotton importer and among the top three markets for U.S. exports. As of March 31, more than 1.2 million bales of U.S. cotton were exported to Turkey, up 400,000 bales from 2003/04. Although U.S. cotton exports to Turkey have increased in 2004/05 as compared to last year, U.S. market share has faded from 54 percent to 49 percent through January. Greece has picked up the majority of Turkey's increase in imports, driving its market share up from 16 percent to 34 percent over the same period. As a result, U.S. exports are not expected to eclipse 60 percent market share for the season as seen in the previous two seasons. MY 2004/05 appears to be shaping up similar to 2001/02 when the U.S. held 53 percent market share and Greece held 27 percent. For the past three seasons, U.S. exports to Turkey have been stable despite variations in Turkey's total imports.

Increased Turkish imports are mostly due to government action to stop the in-flow of low-priced yarn and fabric from the FSU and Asian countries. Tax incentives for processing imported yarns and re-exporting the final products are no longer offered to Turkish mills. Lower yarn imports have led to increased domestic cotton spinning. Additionally, a strong lira and new protocol expanding a preferential customs union to the ten newest members of the EU will continue to support local mill use and the country's dependence on cotton imports.