INTERNATIONAL TEXTILE MANUFACTURERS FEDERATION
FEDERATION INTERNATIONALE DES INDUSTRIES TEXTILES
INTERNATIONALE VEREINIGUNG DER TEXTILINDUSTRIE

Spinners Committee

Travel Report

Greece & Turkey

September 30 – October 8, 1999

From September 30 to October 8, 1999, immediately following the ITMF Annual Conference in Venice, members of the ITMF Spinners Committee travelled to Greece and Turkey as part of the ongoing programme of the Committee to visit cotton producing countries around the world in an effort to improve the dialogue in the cotton pipeline between producers and consumers.

Participants

Committee Members & Secretariat

Romano Bonadei	Italy	Filati Filartex Spa.
Kenan Koç	Turkey	Edip Iplik
M.D. Lakshminarayanaswami	India	Sri Ramakrishna Mills (Coimbatore) Ltd.
Andrew Macdonald	Brazil	Alpargatas Santista Têxtil (Committee Chairman)
Herwig Strolz	ITMF	Director General

Invited Guest

Thomas Reinhart	Switzerland	Rheinhart AG

Greece

Departing from Thessaloniki, the Committee visited the cotton growing and industrial area of Komotini and in particular the Thracian Cotton Ginning Mill and Thrace Spinning Mill, (both belonging to the Accas Group); the Rodopi Spinning Mill (Lanaras Group) and to cotton growing fields in the area where harvesting was observed. In Thessaloniki, the Committee visited the Hellenic Cotton Institute (Mrs. Kehagia and Mr. G. Accas); the Karagiorgos Ginning and Oil Mill (Mr. Nikos Karagiorgos) and the Hellenic Fabrics spinning and weaving mill (Accas Group). Throughout the 2-day visit, the group was accompanied by Mr. Demetris Petrides, Director General of Reinhart Hellas Limited.

Cotton Situation and Outlook[1]

Overview

Cotton planted area in 1999 totaled 426,500 hectares. Production is expected to be about 390,000 tons of lint cotton. In 1998, the cotton crop totaled 1,182,000 tons of seed cotton (387,000 tons of lint cotton). The harvested area reached 417,300 ha and yields averaged 2,830 kg seed cotton per hectare. Mill use of cotton in 1999 is projected at 125,000 tons, unchanged from 1998. Greek raw cotton exports last year were approx. 230,000 tons, slightly higher than in the 1997/98 season (187,000 tons) (Table 1).

Acreage and Production

Table 1. Cotton-planted area, seed cotton production and yield

Year	**Area** (ha)	**Seed Cotton** (,000 metric tons)	**Yield** (kg seed cotton/ha)
1989	280,000	821	2,960
1990	268,000	654	2,470
1991	233,000	650	2,400
1992	333,400	756	2,370
1993	355,770	990	2,750
1994	382,600	1,185	3,070
1995	444,400	1,356	3,050
1996	427,500	962	2,250
1997	391,103	1,092	2,792
1998	417,300	1,182	2,830
1999*	426,500		

*Provisional data

Varieties used

The percentage of Greek varieties used in the 1998 crop reached 22.3% of total planted area. Hellenic variety Zeta 2, mostly grown in Central and Southern Greece, is a *Verticillium*-resistant variety, which occupied about 6.7% of the total cotton-cultivated area of the country (5.5% less than last year). The other Greek varieties were Eva (5.7%), Corina (5.5%) and Sindos 80 (2.1%). These three varieties gained 4.2% of the cultivated area compared to 1997. Eva and Sindos 80, due to their earliness, are mainly grown in Northern Greece (Macedonia, Thrace) while Corina is grown in all areas. The main foreign varieties cultivated in Greece in 1998 were Acala SJ_2 (covering 19.1% of total acrea), Bravo (10.6%), Corona (10.1%), Vul-

[1] From the Greek country statement to the 1999 ICAC Plenary Meeting

cano (9.0%) and Aria (8.1%). In 1998 the total number of cultivated varieties and their dispersion over the country increased.

Supply and Stocks - Domestic consumption and trade

Based on the early-season projections of supply and use, cotton ending stocks on September 1, 1999 are estimated at 82,000 tons. 1999 total use is estimated at 125,000 tons, same as in 1998 (Table 2).

Table 2. Lint cotton production, supply and distribution ('000 mt)

Year	Production	Consumption	Imports	Exports
1989/90	267	160	39	84
1990/91	210	150	17	86
1991/92	207	145	26	74
1992/93	250	140	15	120
1993/94	310	135	12	175
1994/95	385	130	10	265
1995/96	440	132	9	275
1996/97	300	130	9	195
1997/98*	348	125	6	187
1998/99**	385	125	6	230

*Provisional data, ** Forecast

Greece exports the remainder of the quantity not used by the domestic mills. Exports of raw cotton in 1997/98 totalled 187,000 tons and are expected to increase to about 230,000 tons in 1998/99. Over 60% of the production is exported whereas imports represent less than 5% of domestic consumption.

Prices

Minimum cotton prices for 1999/00 are set at 100.99 EURO per 100 kg, while the target price is set at 106.3 EURO per 100 kg (same as in previous 2 years).

Quality

Colour grade

White grade of 30 & 31 were the predominant colour grades of Greek cotton classed from the 1998/99 crop and accounted for 18.6% and 26.8% of total classings, respectively. Colour grade 31 was predominant in 1997/98 and made up 21.9% of the classings.

All white colour grades accounted for 56.5% in the 1998 crop, down from 57.5% in 1997. Light spotted colour grades comprised 30.5 of classings compared with 30.7% in 1997.

Staple length

The predominant staple length was 28mm, making up 97.2% of classings for the 1998/99 season comparing with 94.7% of classings for the 1997/98 season.

Micronaire

The average mike index of cotton classed from the 1998/99 crop was 4.1, higher than in 1997 (3.6). Micronaire index ranging 3.5 through 4.9 comprised 96.5% of classings in the 1998/99 season.

Quality control
The Hellenic Cotton Board classifies the total crop bale by bale. In the last seven years its laboratories have been equipped with HVI and it is expected that all bales in the next few years will have a HVI certificate.

Organic cotton

Biological cultivation of cotton has started in Greece some years ago and is expected to expand in future. The area planted for organic cotton in 1998 was nearly 4,000 ha, with a yield of 2,000 kg/ha of seed cotton. The area projected for 1999 is about 3,500 ha.

Research

The Institute of Cotton and Industrial Plants, the Hellenic Cotton Board and other Institutes and Universities, are realizing cotton research in Greece. Current research projects concern breeding and variety improvement, plant nutrition and fertilization, drip irrigation, physiology, growth regulation, ecology, cultural practices, crop protection, fibre and textile technology and oilseed technology.

Hellenic Cotton Board

The Hellenic Cotton Board is the state organization responsible for providing technical support and offering services for cotton production, marketing, ginning, classification, seed propagation, seed-fibre-textile technology, quality control, processing and research. Application of the E.U. regulations for cotton lay is another of its responsibilities along with supervision and certification of seed production, testing and quality control of seed, fiber, oil seeds, yarns & textile products and total cotton crop classification.

Observations

On hand versus machine picking: In the Komotini area, 60 to 80% of the cotton is still hand-picked whereas in the country's most important growing area, the Thessalie Valley (Larissa, Fassala, etc.) cotton is mostly machine-picked. In Komotini, there are about 15,000 farmers which own an average of 10 acres of land each.

On quality: After a period of worsening qualities during the last three years on account of bad weather, this year's crop is expected to yield good results. Gins which buy seed cotton from farmers pay the latter on the basis of seed cotton quality, the most important factors being staple, colour, humidity and trash.

On varietal development: At the Hellenic Cotton Institute which is responsible for the development of new varieties, attention is paid to the requirements of both producers and spinners by combining productivity and quality considerations. Today there are 16 varieties grown in Greece. Farmers are free to bring in any variety admitted under the European catalogue. Under that system, not only the best varieties are brought into the country but also varieties that pay the best incentives which is less desirable. The original idea of limiting the number of varieties to 5 had to be given up because of the EU competition policy. 50-60% of the quality of the cotton depends on the variety. Whereas in the past, length has been the prominent factor, today research is being directed more towards improving strength.

The Spinners Committee remarked that what was most important to the modern spinner was strength uniformity and not length.

On ginning capacity: with 80 gins installed in Greece, there is far too much capacity in place. If all gins were running at full capacity, all the cotton grown in Greece could be ginned in 1 month. In 1967, Karageorgis ginned 300 bales per day and since 1995 700 tons or 1,300 bales/day.

On ginning cost recovery: Where gins are equipped with oil mills, approximately 50% of ginning costs can be recovered from the utilisation of the seed.

On payment modalities: Farmers are paid 20 days to 1 month after delivery with the ginner getting the EU subsidy back from Brussels through the Agricultural Bank within 3 months.

On HVI testing: Karageorgis, the largest Greek ginner, does 100% HVI testing for the last 2 years. Sells on HVI results or on type. The Hellenic Cotton Board classifies the total crop bale by bale. Karageorgis works with an Uster 9000 and has now ordered the new Spectrum.

On cotton use: About two thirds of Greek cotton production is exported, mainly through merchants and one third consumed domestically. Greek spinners usually prefer to use Greek cotton, the problems encountered relating mostly to the occurrence of seeds and to too much variation in quality, even from the same gin lot.

On denim demand: Now satisfactory in terms of volume but not in terms of price. Cotton represents the highest cost element in denim production (25-30%), followed by labour (25%). 60% of the cotton used by Hellenic Fabrics is ginned in the factories owned by the group.

Turkey

The Committee visited fields, gins and spinning mills in the Soeke area, approximately 1½ hours away from Izmir; paid a visit to the Taris Cooperative in Izmir and to the Izmir Cotton Exchange. In Adana it visited a large cotton farm in the surroundings and proceeded from there to Karaman Maras, where several spinning and ginning installations were inspected. From there the Group travelled to Gaziantep and further to Sanliurfa in the heart of the South Eastern Anatolian Project area (GAP). There, several gins and fields were visited as well as the giant Ataturk dam.

Cotton Situation and Outlook[2]

Agriculture is still one of the most important sectors in the Turkish economy, accounting for approx. 15% of GNP. About 40% of the population lives in rural areas. Cotton has always played a leading role in Turkish agriculture. With the rapid development of the textile and clothing sectors, this role will become even more important. Exports of textile and clothing in 1998 reached US$ 10.4 billion, an increase of 6% over 1997, making Turkey the sixth largest exporting country in the world.

Cotton Production

1998/99 and previous seasons

Over the last ten years, Turkey has experienced fluctuations in cotton production as well as in yield (Table 3). In he 80s there has been a steady rise in production in line with the increase in the planted area. Between the 1988/89 and 1994/95 seasons, production dropped as a result of a fall in planted area, the reduction in output being, however, comparatively small due to higher yields. The increase in area and production in the 1995/96 and1996/97 seasons is attributable mainly to the relatively higher income potential of cotton compared to other crops.

Table 3: Cotton Production and Yields

Crop Year	Area (000) ha	Production (000) ton	Yield (kg/ha)
1998/89	740	650	878
1989/90	725	617	851
1990/91	641	654	1,020
1991/92	599	561	937
1992/93	637	574	901
1993/94	568	602	1,060
1994/95	581	628	1,080
1995/96	757	851	1,124
1996/97	744	784	1,054
1997/98	719	838	1,165
1998/99	756	871	1,152

1999/00 Season

The premium system reintroduced in the 1998/99 season and the expectation by the growers of the continuation of this system in 1999/00 has played an important role in maintaining the production levels despite the depressed cotton prices experienced in the domestic market.

[2] From the Turkish country statement to the 1999 ICAC Plenary Meeting

The expected area, production and yield by growing regions for the 1999/00 season are given in Table 4. A marked reduction occurred in the Cukurova region, owing to the switching to alternative crops, while a significant increase in area and yield is expected in the Southeast region because of improved irrigation facilities created by the "GAP", the Southeastern Anatolian Project.

Table 4: Production Details According to Regions (1999/00 Season)

Regions	Area (000) ha	Production (000) ton	Yield (kg/ha)
Aegean	245.2	284.0	1,158
Antalya	19.0	22.6	1,189
Cukurova	130.7	143.1	1,095
Southeast	331.6	415.0	1,252
Total	**726.5**	**864.7**	**1,190**

Cotton consumption

Cotton consumption has shown a gradual increase until the 1997/98 season (Table 5), demand rising as a result of the expansion and modernization of the domestic textile industry. In 1998/99 consumption dropped to 950,000 tons in the wake of the global economic crisis. No significant improvement has been noted in the first half of 1999. The estimated consumption of cotton for the 1999/00 season is around 1 million tons.

Table 5: Consumption

Crop Year	(000) Tons
1985/86	430
1986/87	460
1987/88	502
1988/89	552
1989/90	560
1990/91	540
1991/92	575
1992/93	625
1993/94	700
1994/95	800
1995/96	900
1996/97	991
1997/98	1,150
1998/99	950
1999/00(*)	1,000

* Predicted

Cotton Trade

Trade in seed cotton

At the beginning of 1993/94 season, when the cost of cotton production was above the world market price, the government introduced a new purchasing system, according to which growers were entitled to get a premium of 3000 TL/kg from the Agricultural Bank, when they delivered their cotton to ginneries. The premium was to compensate farmers for the difference between the producers' target price and the world market price, which, at the time of announcement, was at a comparatively low level.

Although a repetition of that system was expected for the 1994/95 season, market developments did not necessitate such a compensation, hence no premium payments were made to

growers. A similar policy was adopted by the government for the 1995/96, 1996/97 and 1997/98 seasons, respectively. For the 1998/99 season, the government decided to re-introduce the premium system. A purchase price of 195 000 TL/kg for seed cotton (Aegean Region) together with a premium of 10 cents/kg of seed cotton was announced. The purchase price for Cukurova and the South-East cotton were announced as 160,000 TL/kg and 170,000 TL/kg, respectively.

For the 1999/00 season the purchase price of the cooperatives has been announced but as of mid-October, no decision has been taken on premium payments.

A comparison of purchases of the Cooperative Unions (ACSU) for the last 12 years is given in Table 6. As can be seen from this table the share of the cooperatives in the overall cotton procurement has not been significant during recent years.

Table 6: Purchases by the cooperative unions (000) tons seed cotton

Seasons	Taris	Antbirlik	Cukobirlik	ASCU Total	ACSU's Share in total crop
1987/88	76	41	4	**121**	8%
1988/89	204	74	189	**467**	31%
1989/90	122	57	106	**285**	19%
1990/91	224	67	231	**422**	29%
1991/92	228	51	237	**516**	37%
1992/93	241	60	498	**799**	53%
1993/94	251	47	129	**427**	29%
1994/95	92	31	35	**158**	11%
1995/96	159	62	83	**304**	15%
1996/97	178	55	48	**281**	13%
1997/98	170	43	64	**277**	13%
1998/99	272	52	168	**492**	22%

Trade in lint cotton

Domestic market

The premium of 10 cents/kg for seed cotton announced at the beginning of the 1998/99 season has assisted cotton prices to fluctuate around the Cotlook 'A' index. Two other factors which have contributed to the depressed price level were lower consumption by the mills owing to lower capacity utilisation and weak demand from abroad.

Foreign trade

Table 7 shows the main cotton export destinations during the last three seasons. Turkey continued to be a net importer of cotton also in 1998/99 season. The main suppliers of cotton are shown in Table 8.

Table 7: Turkey's Cotton Export Registrations (tons)

Country	1996/97 Season	1997/98 Season	1998/99 Season
Italy	15,244	5,883	5,735
Portugal	2,620	4,204	8,827
Colombia	-	-	3,937
Indonesia	6,103	-	3,032
Brazil	2,973	1,432	2,489
Thailand	2,753	51	3,171
Spain	1,065	764	1,162
Czech Republic	2,066	2,181	1,404
Germany	1,166	2,551	2,575
Bangladesh	413	210	3,447
India	-	-	13,373
Pakistan	400	-	2,397
Others	11,048	10,735	36,451
Total	**45,851**	**28,011**	**88,000**

Table 8: Cotton Imports (tons/calendar year)

Supplying Country	1995	1996	1997	1888
USA	47,279	9,746	96,300	137,793
Greece	28,468	52,295	88,900	56,520
Syria	12,605	7,423	23,600	47,034
Egypt	9,690	8,895	5,839	13,077
Israel	3,784	-	20,239	16,906
CIS	81,109	72,513	80,900	86,746
Others	3,617	15,874	47,074	24,049
Total	**186,552**	**166,746**	**362,852**	**382,125**

6. Future Prospects Related to Cotton

The "GAP" (Southeastern Anatolian Project) is of particular relevance to the future of cotton in Turkery. Southeastern Anatolia, also known as Upper Mesopotamia, covers mainly the provinces of Diyarbakir, Gaziantep, Sanliurfa, Mardin and Adiyaman. The "GAP" is Turkey's largest and the worlds third biggest agricultural as well as energy-based investment project. In brief, the project comprises in total 22 dams and 19 hydroelectric power plants on the rivers Euphrates and Tigris. Besides energy, the "GAP" also covers agriculture, industry, livestock and fisheries, mining, transportation, telecommunication and social development projects. The irrigated area will cover 1.7 million hectares of land which makes 19% of Turkey's economically irrigatable area.

Total project costs amount to 32 billion US$, of which approx. 14 billion have been spent by the end of 1998. Around 75% of the energy investments have been realised, while the investment in agricultural projects has so far been only 15%. Cotton will be one of the main agricultural commodities to be grown among many other products such as cereals, oil seeds, legumes, fresh fruits, vegetables, etc. Studies involving alternative crop patterns suggest that during the initial years of the project, the share of cotton cultivated area will be approximately two thirds of the total irrigated land, whereas this percentage will decrease over the years as the irrigated area increases. One of the two irrigation tunnels connecting the Atatürk Dam to the Harran Plateau has been completed and put into use, thereby significantly increasing the irrigated land from the 1995/96 season onwards.

Observations

Hand versus machine picking: Only about 5% of all the cotton harvested in Turkey is hand-picked, in the Izmir area around 5%-10%. Together with roller ginning of nearly all cotton grown in Turkey, this results in excellent fibre quality in terms of length and uniformity (see Table xx) but carries disadvantages in the form of contamination and seed coat fragments. At the Taris Cotton Cooperative, management expressed an open mind as far as the introduction of new technology is concerned. At the end of the next five years they expect 50% of all cotton to be machine-picked. At the moment, small plots hinder machine picking, apart from the fact, that this subject area represents a major social problem for the country, cotton picking providing livelihood (together with other agricultural harvesting activities) for more than an estimated 1 million people.

Growth	ST1-EGE 9921	ST1-EGE 9921	ST1-EGE 9901	ST-1 EGE 9901
	Rollergin		**Eagean Sawgin**	
MIC	4,45	4,99	4,27	4,17
UHM	1,22	1,19	1,16	1,14
UI	84,5	85,2	81,9	81,5
ST	34,1	31,1	29,9	31,7
EL	6,6	6,6	7,5	7,3
RD	76,2	77,7	77,3	76,6
+B	8,8	8,5	8,4	8
CGRD	31,1	31,2	31,1	31,2
LEAF	3	3	3	3
FGRD	31	31	31	31
SFC	6,2	5,9	11,1	11,4
CSP	3075	2811	2522	2576
SKEIN	152	140	129	131

The Spinners Committee observed that whilst modern spinners were all in favour of preserving quality, hand-picking in the longer term will become un-economical. As the world will be moving away from subsidies, production has to be rationalised. For machine picking to be successful, it has to be accompanied by proper land preparation and good farming practice. The use of picking machines would not necessarily require a change-over to saw ginning if pre-cleaning equipment were installed in roller gins. Turkey should not be afraid of machine picking. In other countries such as Brazil, machine-picking has actually led to an improvement in the quality of cotton. Also trash should not be a problem if fields were properly prepared, weeded and defoliated. Another element in the quality/productivity equation is international standardisation, ISO 14,000 considering hand-picking to be anti-social. Today, only a few textile companies are working under ISO 14,000 but their number will grow in future.

On fibre quality: Local spinning mills expressed satisfaction at the quality of the fibre but were concerned with the outdated ginning equipment and the bad cleaning. The Spinners Committee agreed that there was a lot of potential for better cotton through better ginning but observed that cleaning should take place in spinning rather than at the ginning stage. Quality-conscious spinners prefer roller-ginned cotton provided that the cotton is properly cleaned.

On contamination: The Spinners Committee pointed out that the image of Turkish cotton abroad has suffered from contamination, the biennial ITMF Cotton Contamination Survey ranking Turkish origins amongst the most contaminated in the world after India and Pakistan.

At the Taris Cooperative, the problem was recognised and remedial action taken e.g. the distribution last year of thousands of picking bags made of cotton and the education of growers through printed and other material. To proceed further, spinners will have to pay a premium for non-contaminated cotton. At the Cooperative, management is open to any advise as to how contamination can be avoided and cleanliness improved from the field to the bale.

At the Harran gin at Sanliurva, the Committee came across widely contaminated (hand-picked) cotton. This was due largely to (cotton) strings used for the jute bags with which cotton is transported from the field to the gin. Instead of the strings being taken out at the opening of the bale, they were just cut and mixed with the seed cotton. One remedy proposed was to check the cotton after arrival from the field and before entering the gin. Local gin management was warned by the Committee of the rising problem that contamination presents to the spinning industry and suggested that serious action be considered before it may be too late.

At the Pamuksan gin (Sanliurfa) where 7 bales an hour are produced, the Committee found the quality of cotton to be excellent except for the problem of contamination which was again the main subject of discussion and management was reminded that the premium they get is their next sale.

On textile industry activity: At the Bozkurt textile mill at Karaman Maras, one of the largest in the country, Turkish cotton represents 30% of total fibre consumption. Two months ago, capacity utilization in the area was as low as 50% with some mills being completely stalled. The situation has since improved but prices remain unremunerative. In the longer term, only companies moving up market will have a future.

At Iskur, another spinning mill in Maras, management was of the opinion that the quality of cotton would improve only if government exerted strict control. The Spinners Committee observed that as the world economy was moving away from government intervention, so will cotton. Change should come about in future through dialogue between spinners and growers.