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Greece

Cotton and Products

Annual

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Report Highlights:

Production in 2004/05 is expected to increase slightly as more area can be planted at the Government specified target. Imports are projected to rise in 2004/05; exports to shrink by 20% from one year before. Ending stocks in 2004/05 are forecast to fall to drastically low levels. EU CAP reform effects on Greek cotton should reduce production over time to meet policy goals. The effect of the Multi Fiber Agreement on Greek cotton is indeterminate.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

SUPPLY & DEMAND, POLICY & MARKETING

Production

According to official data for cotton output, the 2003 crop production is reported to be at 996,000 MT (seed cotton basis), compared to 2002 crop output of 1,131,000 MT (seed cotton). Planted acreage in 2003 was at 368,000 Ha (reportedly, 363,000 Ha were harvested). Yields in a good year fluctuate between 3,180-3,250 kg/ha. The estimate for the 2003 Greek cotton lint output is 332,700 MT (1,527 million bales 480 lb), which corresponds to a final harvested amount of approximately 996,000 MT of seed cotton (a yield of 33.4% at the cotton mill). This reduction of output was due to less planted acreage in 2003, but also to serious problems with the crop, from extensive green bollworm infestations which resulted in lower yields.

Greek Ministry of Agriculture and Farmer Organizations report that 2004 planted acreage is targeted to be at 380,000 Hectares which is actually a target set by the Greek Government as approved by the European Commission last April. The target is an attempt to curb production at the EU allowable levels, to keep within the EU quota and avoid penalty payments affecting farmers' income. This 2004 acreage is expected to yield an amount of approximately 1,000,000 MT seed cotton (800-1,000 Kg/Ha) corresponding to 334,000 MT lint basis. It has to be taken into consideration, that a large portion of acreage planted this spring, has had to be replanted (up to 3 times) due to extremely wet weather conditions, which have caused serious problems and sowing delays. This will result in a late cotton crop by 2-3 weeks in most of the regions of Thessaly and Macedonia, where 70 percent of Greek cotton is produced.

Farmers were satisfied with prices paid in 2003 which reportedly have ranged from €0.88 - 1.00/kg for seed cotton, at the cotton mill gate, due to comparatively smaller cotton crop, which also has drastically reduced EU penalties. The penalty is a co-responsibility levy imposed by a Commission Regulation, when production exceeds the quota. A year earlier (2002 crop) farmers received payments of approximately 0.73-0.75 Euros/kg for seed cotton delivered to mills in October and November 2002, and 0.82-0.88 Euros/kg later in the MY 2002/2003. Every year farmers keep better quality cotton in on-farm storage for later sales within the marketing season 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.

Policy

According to EU Regulations 1050/2001 and 1051/2001, which impose penalties when production exceeds an allowable quota, in 2003 farmers were required to replace cotton acreage with alternative crops such as durum wheat, tomatoes for processing (acreage of industrial tomato crop in Greece has never reached the EU quota) and also 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 (GR1012, GR3011).

According to trade sources, the long term impact of the 2004 CAP reform on the Greek cotton industry, while unpredictable, is expected to be negative. A separate report on CAP

reform will provide more detail.

Consumption

Crop quality in 2003/04 was good to very good, similar to that of 2002/2003. About 80 percent of the crop was classified as Box No. 4.5. 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.

Yarn production in Greece (2003) is estimated at approximately 145,000 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 spindles and 36,700 open end rotors. No increase of this capacity is reported since then.

Stocks

Mill owned cotton lint stocks show a reduction since MY 2001 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 19,208 MT compared to 91,508 MT a year earlier. This drastic reduction is a further draw down from the previous year and is partly attributed to lower production combined with a slight increase in domestic consumption and exports. In 2004/05, stocks are forecast to shrink even further to only 5,208 MT at the end of the marketing year.

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 in 2001 and 2002 and increased again in 2003 reaching 305,000 MT. In 2003, the biggest importers of Greek cotton were Turkey with 101,000 MT and the EU with 78,000 MT of lint. In 2004, exports are expected to decline roughly 20% due to less cotton lint available from both stocks and domestic output (stocks are down and domestic usage must stay relatively stable to supply the manufacturing sector).

U.S. cotton exports into Greece have drastically declined in the past few years (only 200 MT in 2003), due to stiff competition from domestic cotton. Reportedly, some amounts recorded to be from the EU (1,230 MT) may be of US origin purchased by Greek spinners. Greek manufacturers purchase these limited amounts of HVI certified U.S. cotton 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).

Imported cotton, which amounted to 6,000 MT in CY 2003 (200 MT from US), show a slight increase (1,000 -1,200 per year MT for the past 3-5 years), due to increased foreign lint utilization by the domestic spinning industry and improvement of quality. Extra long staple

(ELS) cotton is imported but not grown in Greece. For the MY 2004/05 a further slight increase is expected due to a relatively small domestic crop and due to crop acreage stabilization measures under the new EU & National Policies implemented for cotton. Fabrics are included among the products for which a progressive raising of quotas take place in the framework of the MFA, expected to be phased out by 2005.

There are no significant changes in yarn volume either imported or exported for many years. This volume is around 64,000 MT/annum exported and 17,000 MT of imports/annum. EU tariff levels for third country yarn imports are staying unchanged. Chinese fabrics are sold to the EU at prices almost 1/3 of the domestic prices.

Marketing

Marketing of cotton and products takes place by individual cotton trading firms with no support by the state. The Hellenic Organization for the Promotion of Exports (OPE), which is partly funded by the Greek Government, promotes Greek products to foreign markets, in general. Cotton and fabrics in particular, are not receiving any particular or exclusive treatment by OPE, among other promoted products for export. Precise OPE's expenditure for promoting cotton lint, yarn and fabrics, is not available.

PS&D Table, Cotton

PSD Table

Country Commodity	Greece Cotton						UOM
	2002		2003	Estimate	2004	Forecast	
Market Year Begin	USDA Official [Estimate [D]	DA Official [Estimate [D]	DA Official [Estimate [New]	MM/YYYY
	08/2002		08/2003		08/2004		
Area Planted	0	360000	0	368000	0	380000	(HECTARES)
Area Harvested	367000	355000	350000	363000	0	375000	(HECTARES)
Beginning Stocks	198131	129778	133902	91508	79470	19208	(MT)
Production	373401	373230	333122	332700	0	334000	(MT)
Imports	4355	3000	4355	12000	0	15000	(MT)
TOTAL SUPPLY	575887	506008	471379	436208	79470	368208	(MT)
Exports	283045	250000	239499	255000	0	200000	(MT)
USE Dom. Consumption	148054	161000	141522	161000	0	162000	(MT)
Loss Dom. Consumption	10886	3500	10888	1000	0	1000	(MT)
TOTAL Dom. Consumpti	158940	164500	152410	162000	0	163000	(MT)
Ending Stocks	133902	91508	79470	19208	0	5208	(MT)
TOTAL DISTRIBUTION	575887	506008	471379	436208	0	368208	(MT)

Export Trade Matrix, Cotton

Export Trade Matrix

Country Greece

Commodity Cotton

Time Period Units:
 Exports for:
 U.S. U.S.
 Others Others

Italy	35913	Italy	38124
U.K.	7075	U.K.	4676
Austria	3470	Austria	4424
Germany	6484	Germany	13312
France	3081	France	12738
Other EU	4587	Other EU	4486
>EU Total	60610	>EU Total	77760
Turkey	109230	Turkey	101417
Bulgaria	13009	India	28549

Total for Others 182849 207726
 Others not Listed
 Grand Total 241910 304964

Import Trade Matrix, Cotton

Import Trade Matrix

Country Greece

Commodity Cotton

Time Period		Units:	MT
Imports for:	2002		2003
U.S.	183	U.S.	200
Others		Others	
Italy	302	Italy	57
France	98	France	93
Spain	61	Germany	15
Belg & Lux.	18	U.K.	1052
Other EU	41	Other EU	13
>EU Total	520	>EU Total	1230
Turkey	1044	Turkey	1934
Pakistan	593	Egypt	1119
FYROM	48	Thailand	364
		Israel	354
Total for Others	2205		5001
Others not Listed	76		846
Grand Total	2464		6047