

ICAC RESEARCH ASSOCIATE PROGRAM

TURKEY

6-16 APRIL 2009
WASHINGTON D.C./USA



- Geographically, Turkey straddles two continents, Europe in the west and Asia in the east.
- The two continents are divided by Istanbul and Dardanelles straits.





- Turkey lies in close proximity to 70 percent of the world's proven energy resources and is a prospective regional centre for storage and distribution of oil and natural gas.
- Turkey is among the world's 20 largest economies and she is a member of the Group of 20 countries.



SOME FACTS ABOUT 


- Turkey is famous for its natural and historical beauties.






SOME FACTS ABOUT 

- Istanbul is the only city in the world built on two continents.
- The famous Trojan Wars took place in Turkey.




SOME FACTS ABOUT 

- The place for the two of the Seven Wonders of the ancient world (Ephesus and Halicarnasus) are in Turkey.
- Early Christians escaping from Roman persecutions found shelter in Cappadocia.



Capital: Ankara
 Area: 769.604 km²
 As large as Texas
 Population: 71 Million
 GDP: 656 Billion \$



Total Arable Land (2007):
 22 million ha
 - Sown Area:
 17 million ha
 - Fallow Land:
 4.2 million ha
 - Area of Vegetable Land:
 0.8 million ha



TURKEY'S CURRENT POSITION IN THE WORLD COTTON MARKET

COTTON SITUATION IN THE WORLD (million tons)

	2006/07	2007/08	2008/09	2009/10
Beginning Stocks	12.255	12.69	12.47	12.31
Production	26.635	26.22	23.67	23.92
Total Supply	38.89	38.91	36.14	35.83
Production	26.49	26.29	23.83	23.92
Ending Stocks	12.519	12.47	11.31	11.91
Export	8.23	8.35	6.34	7.50
Cotton A (cont./lb)	59.15	72.90	60	(season average)

(*) Source: ICAC Statistics, March 2009

MAJOR COTTON PRODUCING COUNTRIES

(million tons)

	2006/07	2007/08	2008/09	2009/10*
CHINA	7.97	8.07	8.03	7.78
INDIA	4.760	5.355	5.30	5.09
USA	4.700	4.182	2.89	2.88
PAKISTAN	2.070	1.845	1.91	1.92
BRAZIL	1.524	1.603	1.27	1.28
UZBEKISTA	1.171	1.206	1.00	1.12
TURKEY	0.72	0.675	0.58(*)	0.46

(*) It is estimated that production is lower and expected to be around 0.40 million tons in season 2008/09

TURKEY ranks as 7th among the cotton producing countries in the world

MAJOR COTTON CONSUMING COUNTRIES

(million tons)

	2006/07	2007/08	2008/09	2009/10*
CHINA	10.600	10.900	9.80	9.87
INDIA	3.932	4.011	3.85	3.88
PAKISTAN	2.654	2.574	2.48	2.48
TURKEY	1.6	1.45	1.10	1.05
USA	1.07	1.00	0.93	0.91
BRAZIL	1.0	1.0	0.98	0.93

Cotton consumption is expected to decrease due to decreasing exports of textiles & apparel in Turkey in 2008/09

TURKEY ranks 4th among the cotton consuming countries

MAJOR COTTON EXPORTING COUNTRIES

(million tons)

	2006/07	2007/08	2008/09	2009/10*
USA	2.833	2.973	2.60	2.23
INDIA	0.960	1.500	1.00	1.42
UZBEKISTAN	0.980	0.887	0.72	0.85
CFA ZONE	0.927	0.598	0.51	0.57
BRAZIL	0.283	0.486	0.44	0.45
TURKEY	0.469	0.278	0.22	0.33

TURKEY is no longer a major player in the cotton exporting league

MAJOR COTTON IMPORTING COUNTRIES

(million tons)

	2006/07	2007/08	2008/09	2009/10*
CHINA	2.31	2.51	1.50	1.85
TURKEY	0.87	0.71	0.57	0.63
PAKISTAN	0.50	0.78	0.64	0.63
BANGLADESH	0.52	0.53	0.67	0.65
INDONESIA	0.49	0.48	0.40	0.48
THAILAND	0.43	0.39	0.48	0.38

Turkey's facing serious decreases in cotton imports although production of cotton is declining.

TURKEY ranks 2nd among the major cotton importing countries.

COTTON IN TURKEY

COTTON PRODUCTION REGIONS OF TURKEY



Cotton Production and Yield

(*) estimate, (**) preliminary

Crop Year	Area (000 ha)	Production (000 tonnes)	Yield (Kg/ha)
1996/97	744	784	1054
1997/98	719	791	1100
1998/99	757	882	1166
1999/00	719	791	1100
2000/01	654	880	1345
2001/02	693	922	1330
2002/03	721	900	1248
2003/04	725	919	1255
2004/05	698	900	1289
2005/06	680	800	1133
2006/07	639	720	1181
2007/08(**)	529	625	1250
2008/09(*)	384	500	1302

Production Estimates According to Region

PRODUCTION ESTIMATES ACCORDING TO REGIONS (2008/09 SEASON)**			
Regions	Area (000 ha)	Production (000 tonnes)	Yield (Kg/ha)
Aegean	75	95	1284
Antalya	5	7	1400
Çukurova	84	108	1284
Southeast	220	290	1318
TOTAL (*)	384	500	1302

* preliminary

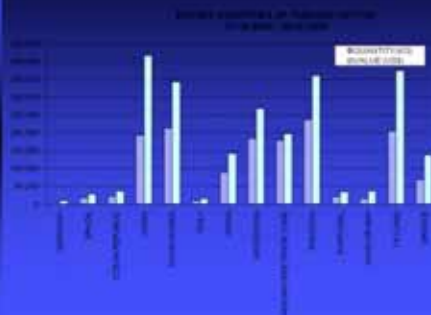
Consumption

COTTON CONSUMPTION

Crop Year	1000 TONS
1991/92	407
1992/93	476
1993/94	700
1994/95	849
1995/96	948
1996/97	1046
1997/98	1100
1998/99	1100
1999/00	1154
2000/01	1250
2001/02	1372
2002/03	1390
2003/04	1415
2004/05	1500
2005/06	1550
2006/07	1600
2007/08(*)	1550
2008/09(**)	1200

(*) estimate, (**) preliminary

Cotton Exports of Turkey



Cotton Exports of Turkey (tons)

2000/2001	19,245
2001/2002	14,844
2002/2003	18,959
2003/2004	20,212
2004/2005	18,313
2005/2006	20,414
2006/2007	21,200
2007/2008	16,414
2008/2009*	9,230

* for the period between 01.09.2008-28.02.2009

Cotton Imports of Turkey

(monthly /tons)

	2005/06	2006/07	2007/08	2008/09
August	75,862	87,056	91,665	51,759
September	52,911	47,165	66,000	53,638
October	31,706	28,250	49,908	46,026
November	55,323	42,311	67,804	41,687
December	49,505	57,088	58,894	43,708
January	57,257	74,178	59,493	
February	64,209	78,443	42,244	
March	56,378	95,584	41,867	
April	73,219	78,331	63,230	
May	72,555	67,858	49,324	
June	77,761	93,768	45,645	
July	77,681	102,649	70,522	
TOTAL	744,252	872,690	711,396	

Cotton Imports of Turkey by Countries (tons)

(*) very small quantities

	2005/06	2006/07	2007/08
USA	412,761	525,049	480,249
GREECE	188,522	94,969	80,268
MIDDLE ASIA	39,986	116,867	63,245
INDIA	(*)	83,590	28,440
BRAZIL	6,572	1,137	17,039
FREE TRADE ZONE			
MERSIN	10,578	17,047	15,989
EYGPT	6,005	5,287	5,960
SYRIA	45,868	8,792	4,150
WEST AFRICA	4,764	(*)	(*)
ISRAEL	3,527	(*)	(*)
OTHER	25,669	19,952	16,056
TOTAL	744,252	872,690	711,396

Cotton Price Development



Cotton Price Development



THE TEXTILES & APPAREL INDUSTRIES IN TURKEY

Textiles & Apparel Industry In Turkey

- At the beginning of 1980s the total value of Turkish **textiles and apparel export** was about **USD 800 million**. In 2008, an amount of **USD 23,7 billion** was reached.
 - Turkish **textile exports** which were only 671 million \$ in 1980 has reached to **8 billion \$ in 2008** with an average annual growth rate of 5,5 %. In 2008, the share of textile industry in Turkey's total exports was 6,3 %.
 - Turkish **apparel exports** which were only 106 million \$ in 1980 has reached to **15,7 billion \$ in 2008** with an average annual growth rate of 2 %. In 2008, the share of apparel industry in Turkey's total exports was 12,3 %.
- Within twenty eight years up to 2008, the industry has both grown rapidly and shifted from low value added **commodities** to high value added manufacturing items and fashion goods.

Size of the Turkish Textile Apparel Industry

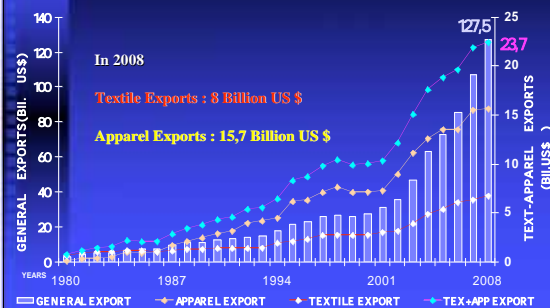
The industry has a great contribution to the Turkish economy as specified in main macro economic indicators of 2008.

- 8 % of GDP,
- 16,3 % of industrial production,
- 11,4 % of manufacturing labour force,
- 18 % of total Turkish export earnings.

However, the industrial production in textile and apparel decreased significantly in 2008

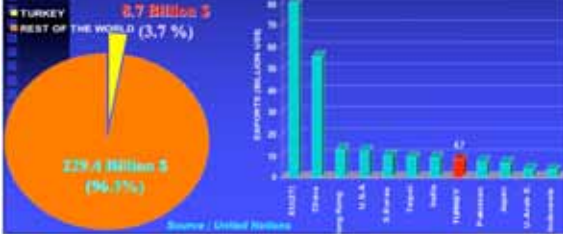
2008 MONTH	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual Avg.
TEXTILE	0,4	-3,1	-10,4	-6,3	-11,5	-11,4	-8,2	-13,3	-11,8	-10,1	-16,4	-23,7	-10,8
APPAREL	5,8	2,4	-13,7	-13,2	-13,8	-20,2	-21,4	-12,9	-8,2	-12,8	-13,8	-19,0	-12,1

Turkish Textile & Apparel Exports in Years



Share of Turkey in World Textile Trade in 2007

Turkey is the 8th leading textile supplier in world markets after EU, China, Hong Kong, USA, South Korea, Taipei and India. Turkey's share in the world apparel trade in 2007, which worths 238.1 Billion \$ in value, was %3.7 with an export value of 8.7 billion US Dollars.



Competitive Advantages of the Turkish T/A Industry

- ✓ Rich in raw materials
- ✓ Qualified and educated human resources
- ✓ Geographical proximity to the main markets
- ✓ Advanced sub-industry for the apparel industry
- ✓ Creativity
- ✓ Compliance with EU's technical regulation
- ✓ Sensivity about workers' social conditions
- ✓ Sensivity about quality, environment and health
- ✓ Quality control and testing capabilities
- ✓ Customs Union with the EU and Free Trade Agreements with many countries

Competitive Advantages of the Turkish T/A Industry-2

- ✓ Full package service
- ✓ Fast fashion
- ✓ Branding
- ✓ High value added products
- ✓ Production conforming to international standards and intellectual property rights.
- ✓ New marketing approaches