Turkish Textiles and Apparel Industry
29.11.2018

Turkey
Discover the potential
The Textile & Apparel Industries In View of the Turkish Economy

• The textiles & apparel industries are the leading industries in manufacturing and employment within the Turkish economy.

• In the 1980s, the textiles & apparel industries became export oriented and established themselves as the fundamental industry on the way to economic development by:
  • Capital accumulation within the economy
  • Contribution to other industries
  • Being the first export industry of Turkey integrating to the world economy
  • Wide ranging employment in every segments of the society
  • Supporting the increase in income and welfare by providing employment possibilities
  • Creation of value added products and productivity
Turkish textile and apparel industries in figures

- 15.2 % of manufacturing production
- 27.8 % of manufacturing labour force
- 6.6 % of GDP
- 18.8 % of Turkish total export earnings

Turkish textile and apparel industries are the leading industries in manufacturing and employment in Turkey.
Turkey’s position in the global market

**Textile Exports (8 billion $ 2017)**

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>World’s 7th biggest supplier</td>
</tr>
<tr>
<td>EU’s 2nd biggest supplier after China</td>
</tr>
<tr>
<td>Well-known producer of high-quality organic cotton</td>
</tr>
<tr>
<td>Leading producer and exporter in knitted and denim fabrics</td>
</tr>
</tbody>
</table>
Turkey’s position in the global market

Apparel Exports (17 Billion $ in 2017)

| World’s 7th biggest supplier |
| EU’s 3rd biggest supplier after China and Bangladesh |
| Leader in denim and knitted products |
| World’s 3rd biggest hosiery supplier after China and Italy |
| World’s 3rd biggest woven products supplier after China and Bangladesh |
| World’s 3rd biggest woven products supplier after China and Bangladesh |
The global apparel trade in 2017

The apparel exports reached to 514.7 billion $ in 2017 globally.

Turkey ranks as the 7th biggest exporter with an export value of 17 billion Dollars and a share of 3.3 % in 2017.

Other leading apparel exporters are China, Bangladesh, Vietnam, Germany and Italy.
What does Turkish textile & apparel industries mainly consists of?
# Turkey’s Exports of Textile raw materials

<table>
<thead>
<tr>
<th>Article</th>
<th>Weight 2016 Kg</th>
<th>Weight 2017 Kg</th>
<th>Change</th>
<th>Value 2016 (000) $</th>
<th>Value 2016 (000) $</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woven fabric</td>
<td>200.139</td>
<td>217.152</td>
<td>8,50%</td>
<td>2.498.227</td>
<td>2.461.368</td>
<td>-1,50%</td>
</tr>
<tr>
<td>Cotton woven fabrics</td>
<td>78.599</td>
<td>84.376</td>
<td>7,30%</td>
<td>1.082.687</td>
<td>1.020.083</td>
<td>-5,80%</td>
</tr>
<tr>
<td>Synthetic Fabrics</td>
<td>113.345</td>
<td>124.890</td>
<td>10,2%</td>
<td>1.327.819</td>
<td>1.354.347</td>
<td>2 %</td>
</tr>
<tr>
<td>Wool Woven Fabric</td>
<td>4.977</td>
<td>4.991</td>
<td>0,30%</td>
<td>62.701</td>
<td>60.089</td>
<td>-4,20%</td>
</tr>
</tbody>
</table>

**Note:** All values are in thousands of dollars (000).
Cotton woven fabrics in figures

<table>
<thead>
<tr>
<th>Import ($) Markets 2017</th>
<th>Country</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td>121,055,179</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>105,275,591</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>98,295,742</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>71,432,423</td>
<td></td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>59,347,359</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>23,545,595</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export ($) Markets 2017</th>
<th>Country</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>112,044,603</td>
<td></td>
</tr>
<tr>
<td>Tunusia</td>
<td>76,533,760</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>55,745,714</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td>55,039,058</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>41,499,575</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cotton Woven Fabric Foreign Trade (000)</th>
<th>Export ($)</th>
<th>Import ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,082,687</td>
<td>538,448</td>
</tr>
<tr>
<td>2017</td>
<td>1,020,083</td>
<td>643,066</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cotton woven raw material manufacturing fabric (kg)</th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>240,827,183</td>
<td>216,025,994</td>
<td>-10,30%</td>
</tr>
</tbody>
</table>
Cotton materials in Turkey (Import)

<table>
<thead>
<tr>
<th>Material</th>
<th>2016 $</th>
<th>2017 $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>1'236'202'377</td>
<td>1'674'523'153</td>
<td>35</td>
</tr>
<tr>
<td>Cotton Yarn</td>
<td>508'857'238</td>
<td>651'176'993</td>
<td>28</td>
</tr>
<tr>
<td>Cotton Fabric</td>
<td>538'447'955</td>
<td>643'106'589</td>
<td>19</td>
</tr>
</tbody>
</table>
## COTTON PRODUCTION

### TABLE 3

<table>
<thead>
<tr>
<th>Crop Year</th>
<th>Harvested Area (ha)</th>
<th>Production (Tonnes)</th>
<th>Yield (kg/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/06</td>
<td>546.880</td>
<td>863.700</td>
<td>1.580</td>
</tr>
<tr>
<td>2006/07</td>
<td>590.700</td>
<td>976.540</td>
<td>1.650</td>
</tr>
<tr>
<td>2007/08</td>
<td>530.253</td>
<td>867.716</td>
<td>1.640</td>
</tr>
<tr>
<td>2008/09</td>
<td>495.000</td>
<td>673.400</td>
<td>1.360</td>
</tr>
<tr>
<td>2009/10</td>
<td>420.000</td>
<td>638.250</td>
<td>1.520</td>
</tr>
<tr>
<td>2010/11</td>
<td>480.650</td>
<td>816.705</td>
<td>1.700</td>
</tr>
<tr>
<td>2011/12</td>
<td>542.000</td>
<td>954.600</td>
<td>1.760</td>
</tr>
<tr>
<td>2012/13</td>
<td>488.496</td>
<td>858.400</td>
<td>1.760</td>
</tr>
<tr>
<td>2013/14</td>
<td>450.890</td>
<td>877.500</td>
<td>1.950</td>
</tr>
<tr>
<td>2014/15</td>
<td>468.143</td>
<td>846.000</td>
<td>1.810</td>
</tr>
<tr>
<td>2015/16</td>
<td>434.013</td>
<td>738.000</td>
<td>1.700</td>
</tr>
<tr>
<td>2016/17</td>
<td>416.010</td>
<td>756.000</td>
<td>1.820</td>
</tr>
<tr>
<td>2017/18</td>
<td>501.853</td>
<td>882.000</td>
<td>1.760</td>
</tr>
<tr>
<td>2018/19*</td>
<td>525.000</td>
<td>988.000</td>
<td>1.881</td>
</tr>
</tbody>
</table>

*estimated
Cotton Production Regions in Turkey
Turkey’s Export of Cotton Woven Based Apparel

<table>
<thead>
<tr>
<th>ARTICLE</th>
<th>VALUE 2017 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>OUTERWEAR</td>
<td>3,571,018,934</td>
</tr>
<tr>
<td>UNDERWEAR</td>
<td>41,167,012</td>
</tr>
<tr>
<td>PYJAMAS</td>
<td>195,862,563</td>
</tr>
<tr>
<td>SPORTS WEAR</td>
<td>23,910,082</td>
</tr>
</tbody>
</table>
Future Aspect: Sustainability

- Turkey is a member of OECD, Euratex, Ethical Trade Platform, IAF, ICAC

- Turkey is engaged with CSR Bodies
  - IndustriALL
  - FLA (Fair Labor Association)
  - FWF
COTTON VALUE CHAIN In TURKEY

App. 10 times value added to Cotton at Final Product

- Cotton gin
- Yarn Manufacturer
- Cotton 1.5 €

- Yarn 2.5 €

- Knitting
- Dyehouse
- Finishing

- Fabric 5.5 €

- Manufacturer
- Exporter

T-Shirt 15-16 €

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T-Shirt 15-16 €
History of Textiles at Anatolia

- Woven textiles start with Hittites and Assyrians B.C. 1000
- 13th Century Anatolia was one of the biggest silk and carpet centers
- At 14th and 18th Century Turkish fabrics started to compete with Indian cotton woven fabrics
- With the fall of Ottoman Empire, Textile industry began to slow down
- First steps of modern manufacturing started cotton cotton spinning at 20th Century
History of Modern Manufacturing

New republic built new plants at 1930. Textile Industry was the %23 of Turkish Economy

Flagship manufacturer Sumerbank was the biggest at 1950 (state owned enterprise)

Economical model helped to power textiles sector at 70s

At 1950 32 K people employed at Sumerbank raised to 74 k at 1960

At 1980 1/3 of total employment was in the textile sector

Turkey promoted Textile at 1980. Textile raised to %45 at all production of Turkey
Challenges of History At Last Years

- Attendance of China to WTO at 2001
- Removal of quotas in 2005
- At 2007 USA based economical crisis
- Incapable of finding alternative markets and deeper crisis
- Started to raise again at 2010.
Major issues facing the Turkish Cotton Industry

• Unfair competition created by the government measures implemented by various cotton producing countries
• High input costs, (labour, fuel, chemicals, fertilisers etc.,)
• High cost of hand picking (use of harvesting equipment has been expanding at a rapid pace, now reaching at almost 80% levels in relatively large cotton fields)
• High cost of finance,
• Better returns expected from alternative crops, especially from food crops, making market prices of cotton most often lower than the cost of production
• The likelihood of entering another period of world–wide recession and financial crisis, with its inevitable repercussions to the world cotton economy.
Main Topics Related to Cotton in Turkey

- Impacts of Pesticides
- Water and cotton
- Less chemical agriculture

The Better Cotton Initiative exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector’s future, by developing Better Cotton as a sustainable mainstream commodity.

GMO Free Cotton as a Trademark Labeling for non-GMO Turkish cotton aiming to separate Turkish cotton from GMO cotton.
Strengths of the Turkish Textile & Apparel Industries

- Self sufficient resources of high-quality cotton
- Powerful Textile Infrastructure
- Turkey – EU Customs Union
- Relatively Cheap, Flexible and Qualified Labor
- Well trained human resources
- Proximity to the European markets
- Modern infrastructure
- Liberal Foreign Exchange Regulations
- Secure trading environment for all foreign investors and traders
- High-quality fashion articles in compatible prices with short-term deliveries
TURKEY – A RELIABLE SUPPLIER

A competitive industry in fast fashion
- Investment in modern technology
- Traditional accumulation of know-how
- Skills, human power
- Design capacity

A dynamic industry with competitive features
- Availability of raw materials
- Modern technology
- Advanced Textile Finishing Industry
- Product development and quality control
- Concern About Quality, Environment and Health
- Qualified and Educated Human Sources
- Product Diversification
- Fast Fashion with Full package
- Flexibility of production in small orders
- Creativity – Young Designers
- Compliance with the EU’s Technical Regulation & Social Standards
- Easy access to world markets
DESIGN AND PROMOTION ACTIVITIES

Coordination and organization of design activities for supporting the design capacity of the industry

✓ Young Designers Contest
✓ Fashion seminars and conferences
✓ Participation in international fairs
✓ Organizing trade missions
PARTICIPATION IN INTERNATIONAL FAIRS

- Who’s Next, Premiere Vision – France, Paris
- Ispo Munich, MFS – Germany, Munich
- Kiev Fashion Show – Ukraine, Kiev
- WWD Magic Las Vegas, Techtextile Chicago – USA
- CPM – Russia, Moscow
- Fashion And Style Kazan – Russia, Kazan
- Central Asia Fashion – Kazakhstan, Almatı
- Chpe Shanghai – China, Shanghai
TURKISH TRADE CENTERS

✓ Turkish Trade Centers (TTC) are in operation in many cities/countries with an aim to introduce 'Turkish' brands all over the world.

✓ Turkish Apparel Center (TAC) is a Turkish Trade Center for Turkish apparel goods.

✓ TAC offers a reliable business platform for establishing partnerships in apparel business.
Turkish Textile & Apparel Investments Globally

✓ Apparel production investments in many countries, specifically in:
  ✓ Egypt
  ✓ Balkan Countries
  ✓ Russia
  ✓ Turkic Republics (Uzbekistan, Turkmenistan, Kazakhstan, etc.)
  ✓ Ethiopia
  ✓ Georgia, etc.

✓ Apparel sales stores and sales points in many countries, but specifically in EU countries, USA, Russia etc.

✓ Brands