

INSIGHT INTO THE TURKISH TEXTILE AND APPAREL INDUSTRY

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ABSTRACT

Technological developments in recent years have boosted international trade and have helped developing countries become competitive in world markets by strengthening their technological infrastructure. In this context with increasing economic relations the trade boundaries between the countries have slowly been removed. Textile industry as a whole constitutes a great portion of international trade and especially for the developing countries, it is a part of development in to industrialization. Turkey is a developing country and textiles in Turkey constitute one of the biggest and most important industries. This brief summary outlines the recent situation of the textile industry in Turkey and its position in the world economy as a whole.

1. Current World Economies

The progression within the field of transportation and telecommunication has provided even the distant countries the opportunity to establish close relations with each other. The intensifying contacts among the economic focus areas in America, Europe and Asia, besides bilateral relations have begun to steer the global trade. In order to be able to compete successfully in the world trade market it is crucial to broaden foreign policies increase competitiveness and also have total liberalism. Countries with better competitive power increase their world market share by changing the demand structure in their favour. If total world trade is investigated it can be seen that exportation of agricultural products are decreasing and that the importance of technology condensed product exportation is increasing rapidly. For example percentage production and usage of technical textiles within the textile sector as a whole is increasing rapidly. To be able to better understand the textile and apparel trade and production in the world market, it would be wise to view the current world economies.

The increase in world industrial production by %4.2, world trade increased by %10.5 in quantity and increased %3 in value reaching 5.46 trillion US dollars in 1997. Even though in 1998 production and trade in quantity increased trade in value decreased by %2 bringing down the total to 5.35 trillion US dollars. These production increases in 1997 and 1998 were followed by year 1999 and 2000 for %3 and %3.5 respectively.

If economies of different volume are investigated; for example economical growth of developing countries followed steady decrease from %6.6 rate in 1996 to %5.5 to %3.5 in 1997 and 1998 respectively. However growth rate increased to %3.7 in 1999 and over %4 in 2000. Newly industrialised countries were growing around %10 on average until 1996 and 1997 since then growth rate has come down to around % 6 and due to the crisis in 1998 growing stopped and became -%2.8 and settling down in 1999 and 2000 reached up to around %5 again.

However economical growth in developed countries were steady with the rate of between %3 to %4 from 1996 until 2000.

In countries where economies were in their transitional stages economical growth was - %0.3 in 1993 and even though there was an economic crisis in the Far East it reached to %2.2 in 1997. Due to the crisis in the Russian federation these economies stopped growing (-% 0.2) in 1998.

2. World Textile and Apparel Trade

World textile and apparel trade has been left outside the GATT treaty for the last fifty years but has been subject to other special agreements. Starting from 1960 textile production move towards the countries of cheaper labor and plenty raw material. Due to this effect developed countries have been taking necessary actions to protect their related industries.

These restrictions started in 1961 and changed in 1974 to become `Multi Fiber Agreement`. It was enforced for 21 years and in 1986 reviewed again. With these agreements importer countries restricted and limited the textile and apparel imports to protect their industries.

Even with those restrictions and limitations textile trade has increased by yearly average of %8.7 and apparel trade by %17.2 between 1980-1998. On average textile and apparel trade increased by %12.3 yearly. In 1980 total textile trade was 59 billion US \$ and apparel trade was 44 billion US \$ and these figures reached 151 billion US \$ and 180 billion US \$ respectively in 1998.

Table 1 shows the textile trade between and within the different economic areas of the world.

Table 1: World Textile Trade Between Economical Areas.

	Share (%)		1998 Billion \$	Yearly Increase (%)		
	1990	1998		1990-98	1997	1998
In Western Europe	41.4	30.4	45.8	1	2	-1
In Asia	20.4	22.8	34.4	6	1	-19
Asia to W. Europe	5.7	5.8	8.7	5	9	2
West to E. Europe	2.3	5.0	7.5	16	7	6
Asia to N. America	3.7	4.9	7.3	8	21	7
In America	1.6	3.0	4.5	13	15	6
Other	24.9	28.3	42.7	5	6	-5
Total	100.0	100.0	151.0	5	5	-5

Table 2 below summarizes the apparel trade between different economies in the world.

Table 2: World Apparel Trade Between Economical Areas

	Share (%)		1998 Billion \$	Yearly Increase (%)		
	1990	1998		1990-98	1997	1998
In Western Europe	36.1	25.9	46.5	2	10	-8
Asia to N. America	19.7	17.4	31.2	5	12	7
In Asia	8.1	10.9	19.6	11	1	-5
Asia to W. Europe	13.0	10.3	18.6	4	5	-3
South to N. America	2.6	6.5	11.7	20	20	7
East to W. Europe	1.8	4.8	8.7	20	0	19
Other	18.7	24.1	43.4	7	14	-3
Total	100.0	100.0	179.6	7	10	-1

The share of textile products has been reduced down to %47 in 1998 from that of %57 in 1980 in textile and apparel trade. However the share of apparels on the other hand increased from %43 to %53 for the same period.

World leading textile exporters are Hong-Kong (%9.4), China (%7.9), South Korea (%8.6), Germany (%8.4), Italy (%8.3), Taiwan (%8.2) and USA (%5.9). EU total share in world exports is %37.7. On the textile importers front, situation is similar in which; Hong-Kong (%10.4), China (%7.9), USA (%8), Germany (%7.9), England (%5.5), France (%4.5) and Italy (%4.1) and EU total in this %34.8.

World leading apparel exporters are China (%18), Hong-Kong (%13.1), USA (%4.9), Italy (%8.4), Germany (%4.1) and Turkey (%3.4) and EU total of %27.9. World leading apparel importers however are USA (%28.5), Germany (%12.7), Japan (%9.5), China and Hong-Kong (%8.5), England (%6.3), France (%6.1) and Holland (%3.3) and EU total of %45.5.

3. Turkish Textile and Apparel Industry

Turkish textile and apparel industry has begun to develop and took a considerable share in the world market after 1980. At the beginning of 1980s the total value of Turkish textile and apparel exports merely equaled 190 US \$ million, in a period of 20 years, and it increased 52 fold to hit a level of 9.8 billion US \$ in 1999.

With this export performance, the Turkish textile and apparel industry has taken an important share in the world trade. At the moment the apparel industry has a share of %3.9 standing in 5th place and the textile industry has a % 2.4 with a 14th place in the world trade.

The textile and apparel industry is the leading force for the Turkish economy, and the Turkish exports. It accounts for:

- 5.5% of Turkish gross domestic product,
- 17.5% of industrial production,
- 19% of the manufacturing industry production,
- 21% of manufacturing labor force,
- 39% total Turkish exports.

There are 60 textile and 15 apparel company among the first 500 big establishments in Turkey.

The recent situation would be better understood if Table 3 is investigated which shows the textile-apparel exports and imports of Turkey by value between 1996-1999.

Table 3: Turkish Textile and Apparel Exports and Imports (Billion US \$)

	Exports				Imports			
	1996	1997	1998	1999	1996	1997	1998	1999
Textile	3.0	3.5	3.7	3.7	2.8	3.4	3.3	2.5
Apparel	5.7	6.3	6.7	6.2	0.1	0.2	0.2	0.2
Textile-Apparel	8.7	9.8	10.4	9.8	3.0	3.6	3.5	2.7
EU	5.7	5.9	6.5	6.4	1.4	1.6	1.4	1.3
US	0.7	0.9	1.0	1.1	0.2	0.2	0.3	0.2
Islamic States	0.5	0.7	0.9	0.9	0.2	0.3	0.2	0.2
Eastern Europe	0.4	0.5	0.6	0.4	0.1	0.3	0.3	0.1
CIS	0.6	0.9	0.6	0.3	0.1	0.1	0.1	0.0
EFTA	0.1	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Total Exports-Imports	23.1	26.2	26.9	26.6	42.7	48.6	45.9	40.7
Textile-Apparel (%)	38	37	39	37	7	7	8	7

The biggest market for Turkish textile and apparel industry is the European Union accounting for 6.4 billion US \$ of the total 9.8 billion US \$. The Turkish textile and apparel export has directed to the EU countries and this export performance make Turkey the 2nd biggest supplier of the EU following China in apparel and the 3rd biggest supplier in textile. The second biggest market for Turkey in the textile and apparel goods is the USA. In 1999, 928 million US \$ of apparel and 222 million US \$ of textiles were exported to USA from Turkey. Despite the export volume to the USA is not too high, annual increase rate for last couple of years is very favorable as being over %15.

The success of the Turkish textile and apparel industry in world market depends on some factors. One of the most important factors is having most of the raw materials needed. For example in cotton production Turkey is 6th biggest producer in the world following USA, China, India, Pakistan and Uzbekistan with the rate of around 900 thousand tones. Furthermore, some of the Turkish cotton types rank among the top quality cottons of the world.

Besides the raw material such as cotton Turkey has a powerful production capacity in yarn and fabric. Yarn production of Turkey was 670 thousand tones in 1988 in which 480 thousand tones were cotton and 85 thousand tones were wool and 105 thousand tones were synthetics. From 1988 to 1999 Turkish cotton yarn production increased by %78 to reach the level of 1.192 million tones in 1999, in that cotton yarn production constitute 788 thousand tones while wool yarn production increased to 115 thousand tones and synthetics to 289 thousand tones.

In the case of Turkish woven fabrics is similar to that of the yarn market. In 1988 total Turkish woven fabric production stood at 1258 million meters. Out of this 1035 million meters were woven cotton fabrics, 56 million meters were woven wool fabric and 167 million meters were woven synthetic fabrics. Between 1988-1999 Turkish woven fabric production

increased by %19.4 reaching the level of 1502 million meters in 1999 in which 1303 million meter of cotton fabric, 74 million meters of wool fabric and 225 million meters of synthetic fabrics were produced.

The considerable growth in the Turkish yarn and fabric production is due to huge investment performance especially starting at the beginning of 1995. The installed capacity of Turkish yarn production in 1999 was 5.758.000 spindles and with this figure Turkey was 7th in the world having %3.4 of the world capacity. The open end spinning capacity was 4th in the world in 1999 with figure of 422.000 rotors and having %5.5 of the world capacity.

On the weaving front Turkey has 30.000 shuttle and 16.000 shuttless looms with a share of %24 for shuttless and %2 for shuttle looms within the world weaving capacity.

The Turkish textile production capacity depends on modern machines. For example, at the end of 1999 the Turkish yarn production capacity was 1.5 million tones which was produced by mostly new machinery. Out of this machinery %1.5 were of 1999, %45.8 of 1995-1998, %20.7 of 1990-1994 and %14.1 of 1980-1989. This data shows that Turkish textile industry is close to Italy in modernization.

The other important factor that adds an advantage to the sector is relative cheaper labor cost compared with some rivals. Turkish labor cost in clothing was around 1.84 US \$ per hour in 1998. Despite, this unit cost in comparison with countries such as China with 0.43 US \$, Morocco with 1.36 US \$ and India with 0.39 US \$; Turkey is still cheaper than the leading clothing producers. Similarly, in textiles Turkey's unit labor cost was at level of 2.48 US \$ per hour.

The other important factor behind the success of the Turkish textile and apparel industry is the relatively short delivery period that becomes very sensitive tool in the international trade.

Future of Turkish Textile and Apparel Industry

Turkish textile and apparel industry is a very dynamic one, infact it is the most dynamic industry in Turkey. Because of having the advantage of producing the raw materials required by the industry textiles and apparels are always going to be one of the most important industries for the Turkish economy.

Being closer to the most important markets in the world is also an advantage for the Turkish textile and apparel industry. Among them is The European Union market which one of the biggest and stable and the Community of the Independent States (CIS) which potentially dynamic.

Textile and apparel industry is also one of the most favorite manufacturing industry for the foreign investors and with those advantages of the industry there should be more direct foreign investments and joint ventures.

New investments should be made more in to the production of high value added and quality product especially technical textiles.

If the above mentioned advantages of the industry together with the quality oriented perspective in production and service in stages, Turkey will always be among the leading countries in textile and apparel industry.

4. References

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