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The integration of turkey's textile and clothing sector within global value chains (opportunities -challenges)

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Abstract :

The study sought to determine the current state of textile and clothing industry in Turkey and its integration within global value chains, through examining the fundamentals of the sector and global fibre textile trade as well as Turkey's position in this regard. Various sources were consulted such as industrial reports, trade publications and websites. The study has concluded that the Turkish textile and clothing sector has capabilities and potentials that allow it to compete at the global market level. Turkey's fibre exports growth by 84% reflects the product good quality and high competitiveness in global markets. Among the recommendations provided is the necessity of investing in modern technology and artificial intelligence for the sake of improving quality, increasing productivity and laying the groundwork for expansion towards new markets in Africa, Asia and Latin America.

Key Words: textile and clothing industry, textile fibers, international trade, Global value chain, turkey

JEL Classification: F1, F2

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1.Introduction.

Textile and clothing industry ranks among the leading sectors of the Turkish economy in view of its contribution in the gross domestic product and employment, its high potentials in exports, as well as its significant contribution in manufacturing. In 2021, textile and clothing industry represented 14 % of Turkey's total exports, where 65% of its production has been exported, owing to its wide variety of products it manufactures using technology applications that cover processes of converting fibres into yarns and fully finished fabrics within the textile sector. Turkey is also considered one of the major manufacturing nations in clothing business alongside China, Bangladesh, Vietnam, India, United Kingdom and Indonesia, because of its local potentials and capacities such as the availability of self-resources, modern and solid infrastructure for textile industry, and its close access to European markets, which grants it a strong position in global markets and enables it to compete with China, India, South Korea, Pakistan and Vietnam. About half of textile exports are exported to the countries of the European Union particularly Germany, Italy, Bulgaria, France, Spain and Netherland.

Research problem:

What is the current state of textile and clothing industry in Turkey and to what extent does it integrate or engage in the global economy within global value chains?

Sub-questions:

-To what extent do the available industrial components in textile and clothing sector of Turkey contribute to the promotion of its integration into global value chains?

-What is the role of textile fibre exports and imports in enhancing Turkey's integration into global value chains?

-What are the available chances for Turkey to integrate into global value chains of textile and clothing?

-What are the challenges facing Turkish industry of textile and clothing to integrate into global value chains?

Hypotheses:

-Components of textile and clothing industry in Turkey contribute in promoting integration into global value chains.

-Growth and variation of textile fibre exports and imports contribute in supporting the integration of Turkey into global value chains.

-Turkey's proximity to European markets presents a great opportunity to facilitate its integration into global value chains of textile and clothing.

-The rising cost of labour in Turkey's textile and clothing industry is a challenge that faces its integration into global value chains.

The importance of the Research:

The study aims to achieve the following objectives:

Studying the current state of Turkey's textile and clothing sector through identifying the sector's funding sources and the potentials and capacities it possesses.

Determining the extent to which the textile and clothing sector in Turkey can integrate into the global economy through global value chains.

Research methodology:

In order to conduct the research and verify the validity or invalidity of previous hypotheses, we will adopt the descriptive method to present the concepts related to the research, and the analytical approach to discuss what have been described and to analyze the tables and figures included in the study that are related to the empirical framework. Data have been collected from different resources such as industry reports, trade publications, Istanbul textile and raw materials exporters' association and websites.

from different resources such as industry reports, trade publications, Istanbul textile and raw materials exporters' association and websites.

Previous studies:

Previous studies have analyzed the position of Turkey in textile trade with the European Union by examining export and import data between 2005 and 2016. Statistical methods were applied to discover the countries that are most similar or different from Turkey in trade exchange and to highlight the contribution of this sector in the Turkish economy and its global competitive abilities. The study has concluded that the European Union is Turkey's most important market in textile and clothing industry, and that China, India, Pakistan, Bangladesh, Vietnam, Tunisia, Cambodia and Morocco have became powerful competitors to Turkey in European Union markets, due to their low labour costs. However, Turkey is distinguished by the diversity and quality of textile products compared to European Union. Among the recommendations provided by this study is that Turkey should support raw materials locally and provide incentives to companies.

A study on the Turkish Textile And Clothing SMES : Importance Of Organizational Learning, Digitalization , And Internationalization

This study aimed to bridge the gap through analyzing the contribution of organizational learning and digitalization in the process of internationalization in Turkish textile and clothing industry. The convergent mixed research approach has been applied by collecting research data through interviews and questionnaires, and analyzing them using MAXQDA program and instantaneous structural model analysis technique. It was found that digitalization works on lifting the barriers to internationalization of small and medium-sized enterprises of textile and clothing industry in global markets. Nevertheless, digitalization is still underestimated within this industry. Turkish Textile and clothing industry should place greater emphasis on organizational learning for the sake of achieving progress in adopting digital techniques.

Added value:

According to the researcher, previous studies focused on the analysis of Turkey's standing in textile trade with the European Union, by analyzing exports and imports data between Turkey and the countries of European Union (2005-2016), and analyzing the contribution of organizational learning and digitalization of internationalization process in Turkish clothing and textile industry. Meanwhile, this study aims to identify the current state of Turkey's textile and clothing industry, the extent of its involvement and contribution in global value chains through determining the fundamentals of the industry, and Turkey's position in international trade of textile and clothing during the period from 2017 to 2021.

2.Global value chain.

2.1.Definition of Global value chain.

Global value chain is the process of reorganization of production, trade and international investments within a continuous loop of production and service activities that are distributed across several nations. Each nation completes a specific stage of goods or service production starting with product design and raw materials supply, passing through production and assembling and reaching marketing, transportation and final distribution.

2.2.Variables of global value chains.

Economic variables: production cost, investments and exchange rate.

Technological variables: technology level, innovation and digitalization.

Institutional variables: laws, trade policies and international conventions.

Industrial structural variables: development of industrial sector and integration of production stages.

Geographical and logistic variables: proximity to markets, transportation and infrastructure.

Human variables: skills, education and availability of workforce.

2.3.Definition of global value chains of textile and clothing industry.

It is a range of integrated activities and operations carried out across several countries,aimed at producing and distributing textile and clothing products, starting from providing raw materials

like cotton and fibers, passing through the stages of spinning, weaving, design and manufacturing, reaching marketing, distribution and final sale to the consumer.

3.World textile fibres trade.

Global textile fibres exports have moved upward from 34786 million USD in 2017 to 39083 million USD in 2018, owing to the recovery of textile fibre prices index TFPI with a growth of 14% during 2017 and 10.1% during 2018, reflecting the global economic conditions and the increasing demand for textile fibres. Nevertheless, this rise did not last long as the index declined once again in 2019-2020 due to an accumulative of 36.1%. This was mainly a consequence of the escalating trade tensions, especially among the major economies, in addition to the severe disruptions in global supply chains and the significant contraction of consumer demand caused by COVID 19 pandemic. As a result, global demand for textile fibres decreased with 4.2%, which led to a drop in global textile fibres exports from 35870 million USD in 2019 to 30813 million USD in 2020, with a decline rate of 14%.

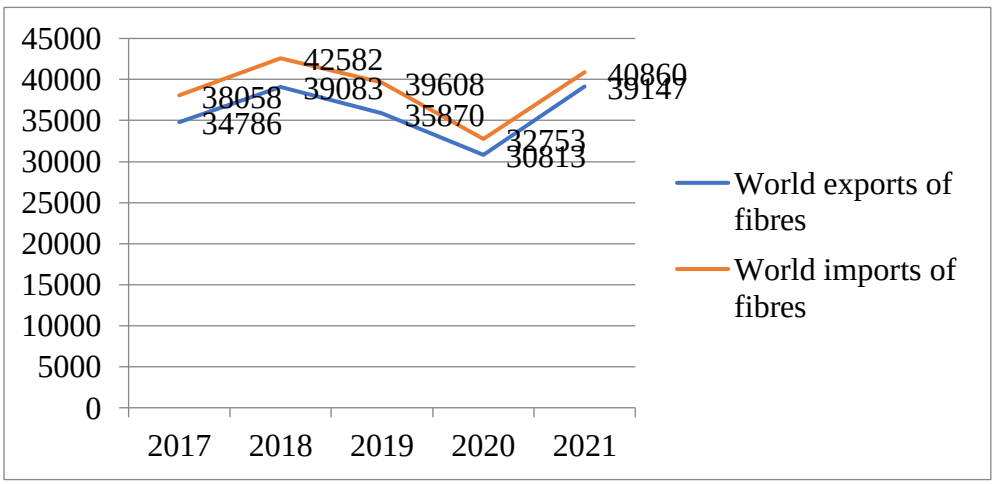
During 2021, global textile fibres market witnessed a rebound as a result of economic reopening, the robust recovery of world demand for textile fibres, as it rose by 8.7%, attaining 107.6 million tons (World textile demand, 2024), the increasing demand, the revival of industrial activity and the rebound of fibre prices index which surged by 42%, resulting in a jump in global textile fibres exports from 30813 million USD in 2020 to 39147 million USD in 2021, with a growth rate of 27%.

The rise in global rates of change during the previous five years constitutes the most evident indicator of the increasing demand for textile globally. The rate of change for textile has increased every year except in 2019 and 2020, as textile exports reached 34786 million USD in 2017 and rose to 39147 million USD in 2021.

It is reasonable to state that import volumes of textile fibres have exhibited a volatile trend during the past five years. Despite the convergent rates, most countries recorded a decline during 2019-2020. The world textile imports amounted for 39608 million USD in 2019, dropping to 32753 million USD in 2020 with a decline rate of -17.30%, due to Corona pandemic, except for Turkey and India, whose imports increased by 5.25% and 42.03%, respectively, in 2019, and Pakistan, which grew by 47% in 2020.

During 2021, global textile fibres market perked up, leading to a spike in world textile imports from 32753 million USD in 2020 to 40860 million USD in 2021, with an increase rate of 24.75%.

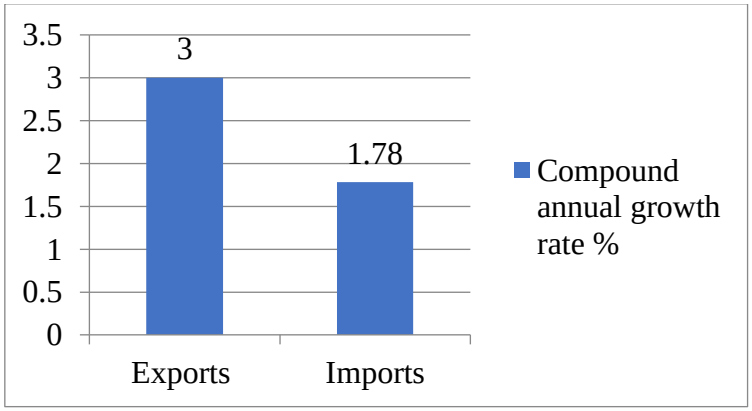
Figure 1. Global exports and imports of textile fibres



Source: elaborated by the student based on the data provided in appendix I, II

The compound annual growth rate (CAGR) of global textile fibre exports stood at 3% during the period from 2017 to 2021, indicating a growth in world demand for textile in spite of the market fluctuation like the impact of COVID 19 in 2020. In contrast, the compound annual growth rate (CAGR) of global textile fibres imports was 1.78% during the period 2017- 2021, which shows that the world production grows faster than the domestic demand in the importing countries.

Figure 2. Compound annual growth rate2017-2021



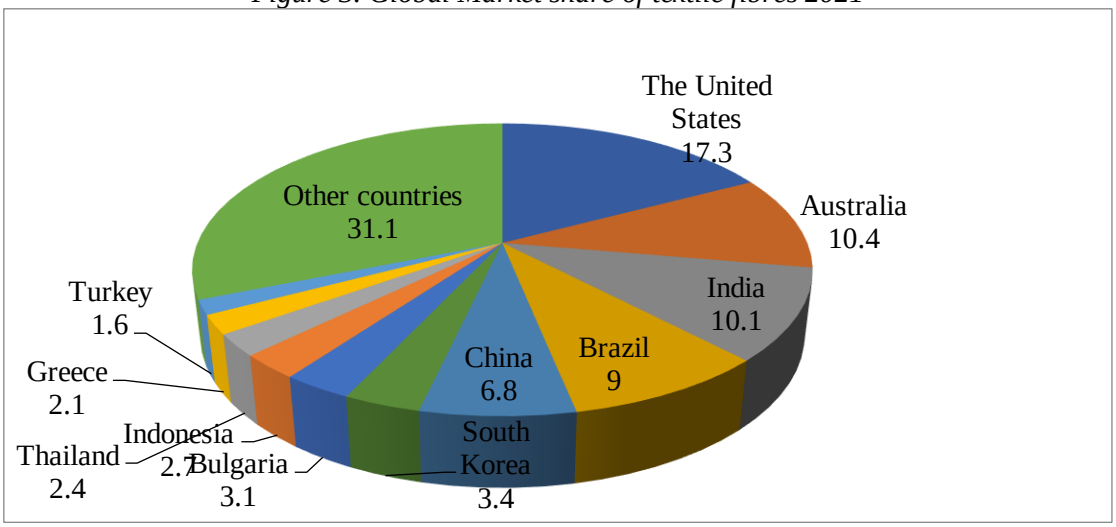
Source: elaborated by the student based on the data provided in appendix I, I I

3.1.Global Market share of textile fibres 2021.

The countries market share shows that the United States maintains the largest trade volume of textile fibres. Despite that the United States' exports have dropped in 2021, it was still higher than the total exports of the following five countries in both 2020 and 2021. The United States' share of global fibres exports accounted for 22.56% during 2020, however; it fell to 17.3% in 2021. This was attributable to the decline in the use of cotton mills, which decreased by 13%, reaching 491.000 tons in 2019. In spite of the modest recovery in 2021 by 536.000 tons, the use of cotton mills experienced another downturn in the following years. This downward trend was mainly driven by the weakness of the global economy and inflationary pressures, resulting in a decline in the purchasing capacity of consumers and a drop in the demand for clothing products.

Global market share of Turkey in textile fibres (1.6% in 2021) reflects a relatively limited position in global market, as its share is still behind both of China's and India's which denotes its non-dominance. Nonetheless, this share indicates the presence of an existing and an expandable export base that may enhance its competitive position if it continues the integration into global value chains.

Figure 3. Global Market share of textile fibres 2021



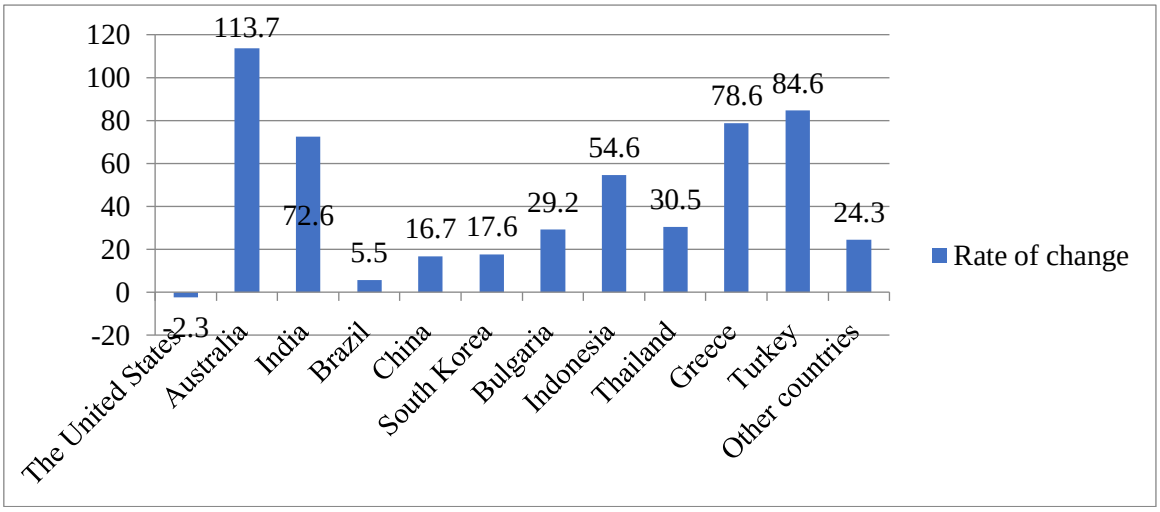
Source: Source: elaborated by the student based on the data provided in appendix I

3.2.The rate of change in textile fiber exports in exporting countries 2020-2021.

While there was a decrease in the rate of change in fibres exports of the United States from 2020 to 2021, there was a rise in all other countries, in which Australia scored the highest growth rate of exports, attaining 113.7%, followed by Turkey with a growth rate of 84.6%, Greece by 78.6%, then India with a growth rate of 72.6%.

The dramatic rise in the rate of change (84%) of Turkey's exports of textile fibres between 2020 and 2021 can be interpreted as the result of global demand recovery after Corona pandemic, in addition to the impact of exports fall in 2020, as well as the geographic proximity of Turkey to European markets and the resilience of its textile sector.

Figure 4. The rate of change in textile fiber exports in exporting countries 2020-2021



Source: elaborated by the student based on the data provided in appendix I

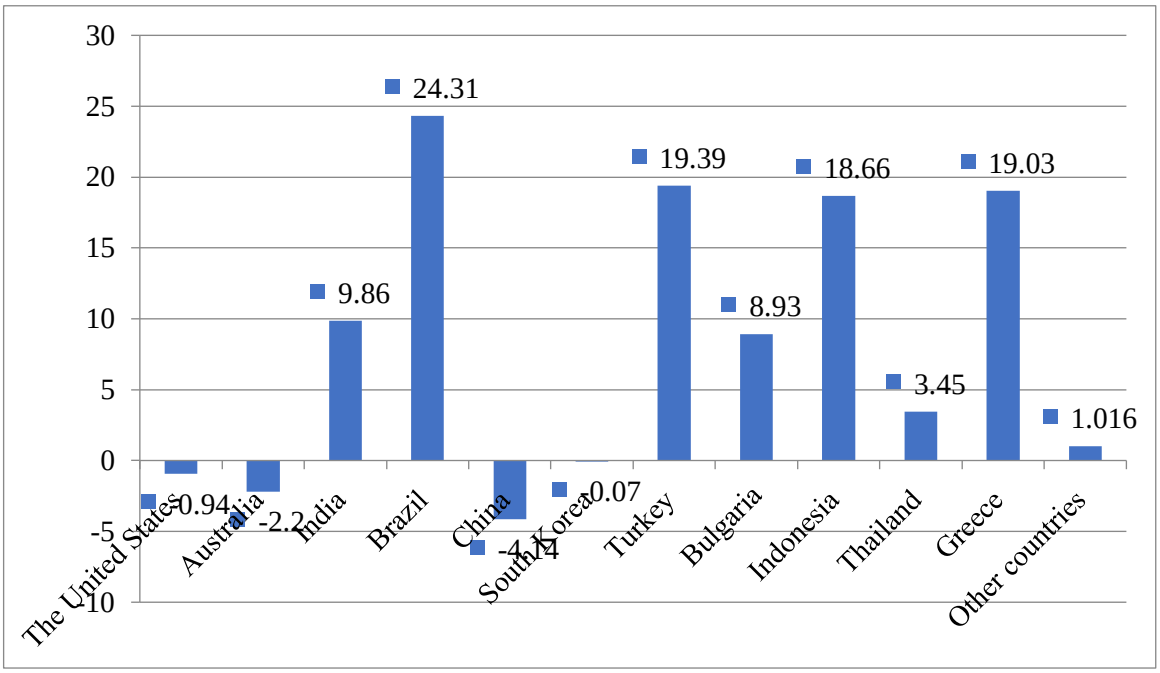
3.3.The compound annual growth rate of export.

The compound annual growth rate illustrates a re-distribution of global fibres exports among countries, since each of Brazil, Turkey, Greece, Indonesia and India have witnessed a rapid growth, suggesting a shift in global production locations, and hence, the emergence of those countries as key export centres instead of China and the United States.

China has registered a decrease that indicates reducing its focus on export, due to the increasing local consumption, while both of the United States and Australia have witnessed a decline.

The increasing compound annual growth rate of Turkey's textile fibre exports (19.39%) represents a vital opportunity to strengthen its position in global markets. This growth reflects Turkey's ability to continuously expand its exports and gain new markets, which supports greater integration into global value chains of textile sector.

Figure 5. The compound annual growth rate of exports2017-2021

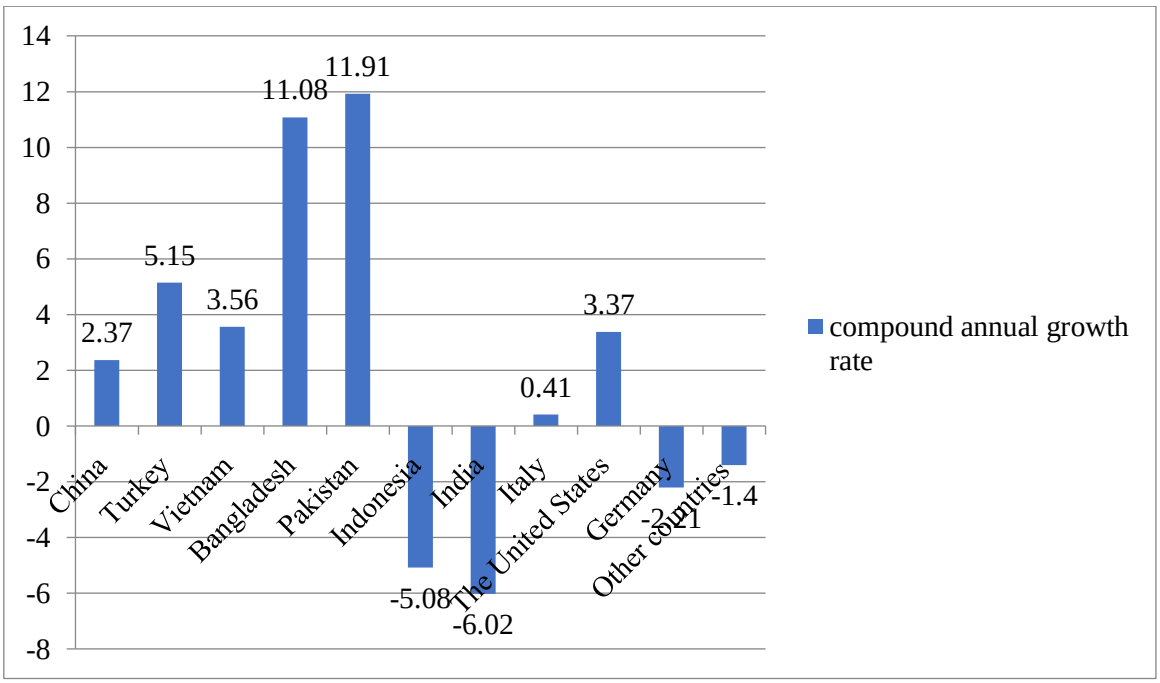


Source: elaborated by the student based on the data provided in appendix I

3.4.The compound annual growth rate of imports.

Based on the compound growth rate, the most notable changes in imports are that Pakistan, Bangladesh and Turkey have seen significant increases in imports, indicating the expansion of their textile industries. While China remains the foremost importer, its expansion has stabilized, which reflects its growing reliance on its domestic production. Meanwhile, both of Indonesia and India have witnessed a downturn in their imports, suggesting the increase of local production instead of depending on imports.

Figure 6. The compound annual growth rate of imports2017-2021

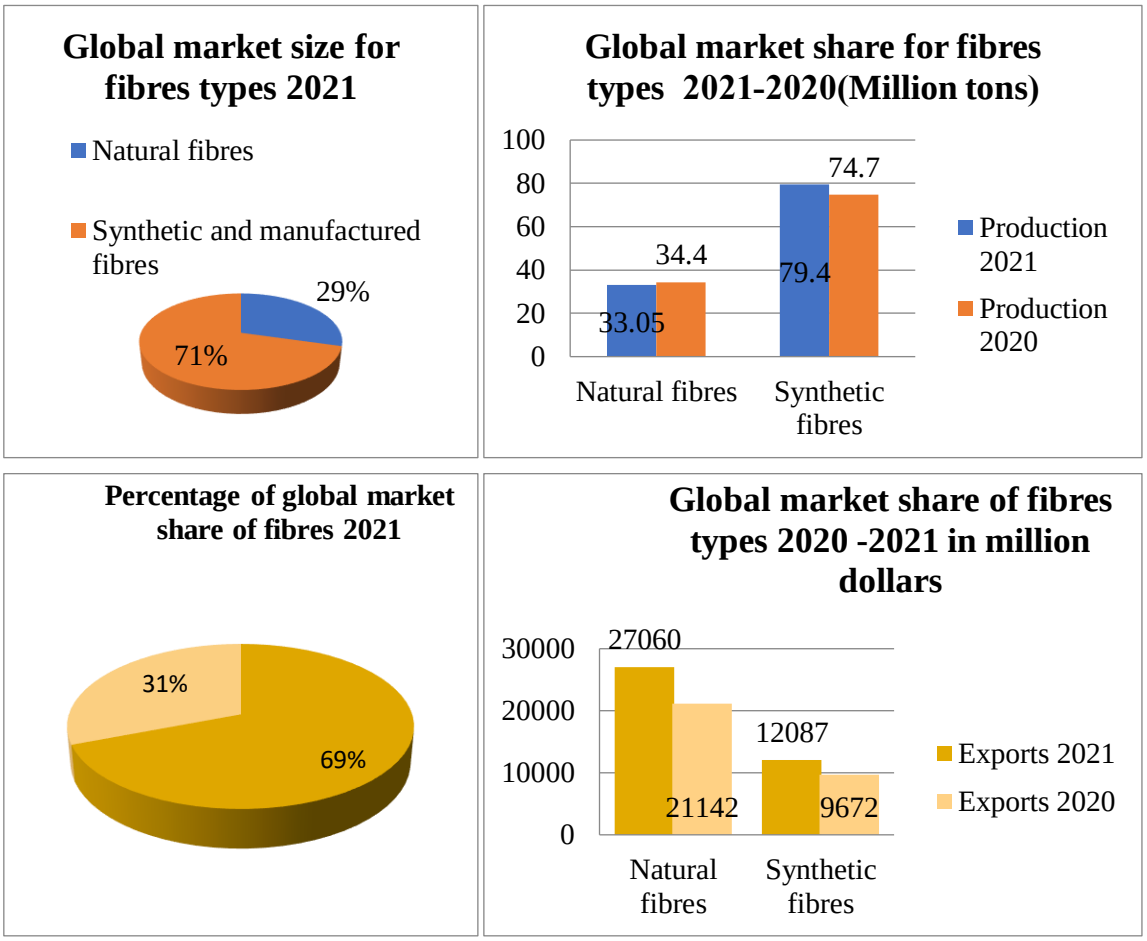


Source: elaborated by the student based on the data provided in appendix II

3.5. natural and synthetic fibres.

Synthetic fibres account for the bulk in terms of the produced quantity, however; they generate less exports revenue compared to natural fibres that are relatively higher in the market, owing to the rise in cotton prices, which implies that the trend continues towards synthetic fibres in textile industry. Their production rate increased from 68% in 2020 to 71% in 2021, compared to a decline from 31.4% in 2020 to 30.8% in 2021. Polyester production attained 60.5 million tons in 2021, whereas it had previously been 57.1 million tons in 2020.

Figure 7.Global market share of natural and synthetic fibres



Source: elaborated by the student based on the data provided in appendixes III, IV, V

4.Fundamentals of textile and clothing industry in Turkey.

Textile and clothing manufacturing is one of the oldest and most widespread industries in the world (Bahar divrik, 2024, p. 1)

Textile industry was one of the development steps in Turkey during the first years of the establishment of the Turkish Republic, and it still maintains its importance to date. (Fatma Feyzagunduz, 2018, p. 334)

4.1.Opportunities of access to funding.

Turkey has shown acceptable performance in terms of access to funding. The Turkish government works on encouraging and supporting farmers and producers, given that the textile sector is tightly related to both agricultural and industrial sectors. Concessional financing and guarantees are provided by offering loans with concessional terms of interests and payment periods, which lead to production optimization and increase of competitiveness. In addition, debt financing is granted through borrowing funds from different sources in return for repayment obligation with limited interests and in pre-agreed deadlines, for the purpose of expending businesses, funding

export operations, or investing in technology. The most notable sources for funding access are government funding programs, Turkish Development Bank, Turkish banks like ziraat bank; halk bank, funding by the European Union, export support funds, green finance, cooperative financing programs such as Tubitak to support innovation and technology, in addition to bonds, export financing Turk Eximbank, Islamic funding, commercial and developmental loans.

For funding textile and clothing industry, Turkey has relied on loans that reached 35000 dollars with an interest rate less than 2% compared to the equity capital, which is considered a primary source in financing Turkey's textile and clothing sector.

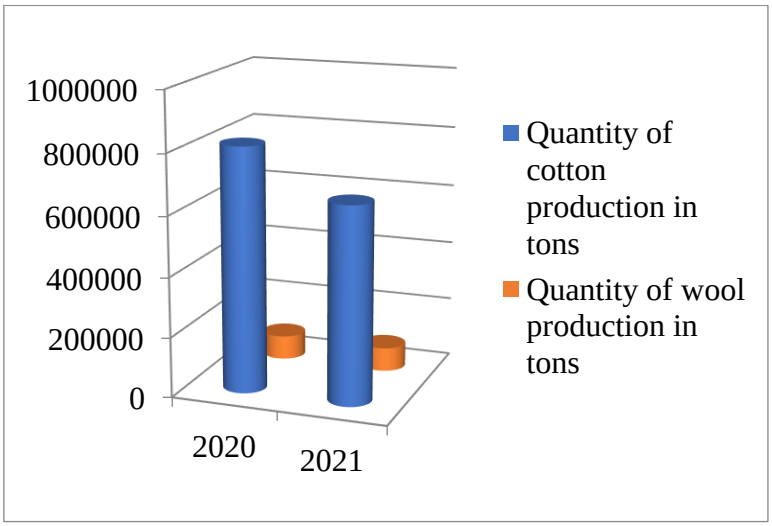
Foreign direct investment attained 12.9 billion dollars during 2018, which represented 1.3% of the gross domestic product(68-67 ،بنك التنمية الاسلامي) .

4.2. Competitiveness of the sector.

a. Diversity of raw and domestic materials.

Turkey classifies among the world's leading producers of cotton and wool. It holds 3% of the global market share and 4% of the cotton market share. It is one of the pilot countries in organic cotton production, in addition to synthetic fibres production, such as polyester and Nylon that are used in clothing and technical textile industry, accounting for 2% of the total global production.

Figure 8.Quantity of cotton and wool production in tons



Source: Iwto-market-inform world sheep numbers and wool production https://iwto.org

In 2020, the global wool output totalled approximately 1961175 tons in parallel with Turkey's wool production that reached 79.754 tons. While during 2021, it went down to 78.884 tons, with a drop rate of (-1.1), however; Turkey has remained among the largest wool producing countries with a global market share of 4% after Australia 18%, China 17% and New Zealand 7%.

Cotton production reached 814000 tons in 2020 and 656251 during 2021, with a decline rate of (-19.37). (79th plenary meeting of theIcac 06-09country, 2021, p. 22)

b.Retail.

Turkey demonstrates an acceptable performance in retail field. It is strongly present in the field of textile and clothing locally and internationally through the company LC Waikiki, which is located in Istanbul and specializes in retail trade in Turkey. It is a brand of clothing for men, women and children that possesses 1047 stores in 47 different nations and accounts for 7% of the market share of sportswear and footwear. In addition to the company Mavi which has showed a strong performance and is recognized in Turkey and worldwide as a children's clothing brand of high repute, as it relies on sustainability and high quality in its products. Among the distinguished stores in Turkey are Visne Fesha and Defacto, which operates in more than 50 countries around the world

and became the largest clothing brand in Turkey in 2013, owning 300 local stores and 205 foreign stores. Bershka is considered one of the best stores in the world, as it offers modern clothes at reasonable prices in 1000 stores spread across more than 71 countries around the world, in addition to Koton, which is one of the important Turkish brands in the field of textiles and has 434 stores in 28 countries around the world, and Damat, which specializes in men's clothing and owns stores in Russia, Germany and Italy. LBT which is also a Turkish brand that is best known for denim industry, as it produces yearly around 17 million clothing pieces.

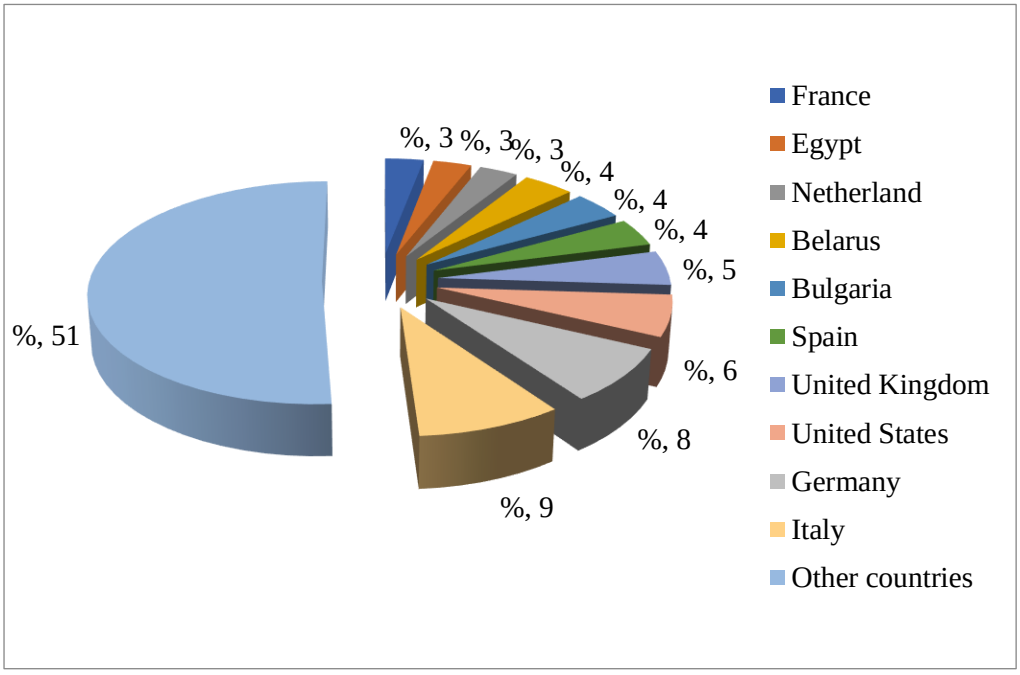
c.The sector's capacities.

Turkey has a relatively cheap, flexible, qualified and well-trained labor force, owing to its focus on textile and clothing sector in schools and universities. This allows workers to produce accurate and complex samples and quality products, leading to higher wage level compared to other countries like China and Bangladesh.

Regarding the level of manufacturing, Turkey achieved an acceptable level in producing and exporting textile and clothing in 2020. It is the second best supplier in the European Union after China and the sixth in the world. Turkey is also well-known for producing high quality organic cotton, as well as producing and exporting knitted fabric and jeans in textile industry. While it is the third largest supplier of ready-made clothing in the world after China and Italy, and the largest supplier in The European Union after China and Bangladesh. Turkey is the sixth largest supplier in the world, in addition to being the third largest supplier of woven products in the world after China and Bangladesh, and it is recognized as a leading producer of denim and knitted apparel.

Additionally, it ranks among the foremost countries in supplying denim and knitted products given its strengths in primary and secondary manufacturing

Figure 9.Market share of Turkish textile in 2021



Source : Istanbul textile and raw materials exporters association,2021

Half of Turkey's total exports of products, including yarns, technical textiles, knitted fabrics and fibres, are directed primarily to European markets, as it amounted 12.9 billion dollars in2021 (association, 2022), which motivates Turkey to level up manufacturing innovation. During 2018, Turkey invested in new spinning, knitting, washing, and dyeing machines, however; most textile and clothing companies were small and medium-sized enterprises that lacked advanced technology to carry out modern production processes.

Turkey held the 28th position out of 137 according to the infrastructure index, with the completion of huge projects such as Istanbul International Airport, which provides the opportunity for timely delivery. (68-67 ،بنك التنمية الاسلامي)

4.3.Framework conditions.

In 2020, Turkey's textile and clothing sector recorded a satisfactory performance in terms of employment. The employment ratio was 20.3% of the industrial workforce and 15% of total manufacturing industry. Turkey's export revenue of clothing accounted for 15%, while the contribution in gross domestic product attained 6%. (79th plenary meeting of theIcac 06-09country, 2021, p. 18)

a.Employment.

The following table illustrates the number of permanent and temporary employees in the sector of textile and clothing industry in Turkey till November 2020.

Table 1. Number of Insured Employees

Total	Women	Men	Private sector	Public sector	Temporary work	Permanent work	
456.762	124.003	323.759	456.304	458	691	456.071	Textile industry
602.120	311.125	290.995	597.050	5070	1812	600	clothing industry

***Source**: Ministry of Industry and Technology , textile sector analysis report and guidelines :trg2(Diyarbakir,sanliurfa) ,p10*

b.Sustainable development.

Regarding Turkey's contribution to achieving the objectives of sustainable development, It has adopted cleaner production plans in 136 textile and clothing factories, producing and processing cotton according to environmental and social sustainability standards using non-genetically modified seeds, thus positioning it the second worldwide in cotton production efficiency according to the report of the International Cotton Advisory Committee.

c.Governance.

In terms of governance and regulation, Turkey has depended on the enactment of laws that enable practising business activities flexibly through facilitating company registration, direct activity and foreign trade. Moreover, Turkey's membership in the European customs union has contributed in the liberalization of foreign trade by eliminating customs duties on imports and exports

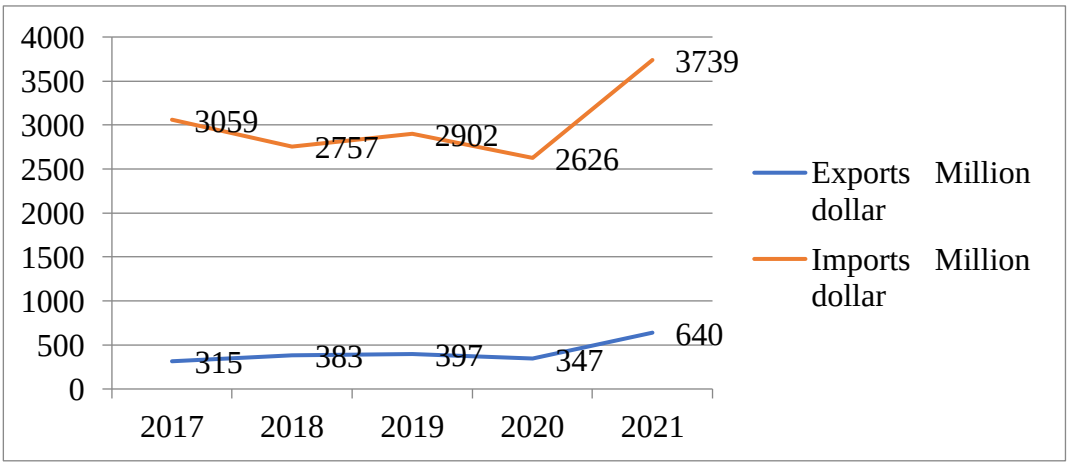
5.Results and discussion.

5.1.Analysis of turkey's textile fiber exports and imports.

The figure shows Turkey's fibre exports and imports during the period from 2017 – 2021, where an increase in the growth rate of exports was observed during the past five years, but in a slower rate compared to the growth of imports. The rate of Turkey's export of textile fibre has increased except for the year of 2020, due to a 24.8% decrease in cotton cultivation area that reached 3.592 hectare during the season of 2020/2021. This was attributable to the uncertainty caused by the Covid-19 pandemic and the decline in yields due to climate conditions during the season of 2019/2020, as well as the fall of cotton prices both in Turkey and globally, and the higher production costs and crop rotation in cotton-growing areas. The consumption decreased by 12%, whereas ending stocks rose by 30% both in Turkey and worldwide. (kursun, 2022, p. p14). The exports reached 383 million dollars in 2018, a spike of 21.6% compared to the previous year (2017). It is evident that cotton production in Turkey grew significantly in 2016/2017, placing the country sixth in cotton production, surpassing Uzbekistan and Australia, and fifth as the largest cotton producing country in the world, surpassing Pakistan. This was concomitant with the second

highest level of cotton consumption in history in 2018. Turkey's exports continued to rise, reaching 395 million dollars in 2019, and this was contemporaneous with an increase of about 25% in Turkey's cotton production during the season of 2018/2019. Exports also witnessed a climb from 347 million dollars in 2020 to 640 million dollars in 2021 by 84.44% after recovering from Covid – 19 pandemic, as it ranked tenth on the list of prominent countries in textile fibre exports after the United States of America, Australia, India, Brazil, China, South Korea, Bulgaria, Indonesia, Thailand and Greece. On the other hand, and during the same period, Turkey's fibre imports experienced a growth in imports rate except in 2018 and in 2020. In 2017, Turkey's textile fibre imports were worth 3059 million dollars, registering a drop of (- 9.87) percent to reach 2757 million dollars in 2018, as a consequence of the increase in cotton production, which led to a decrease in cotton imports by 11%. This was accompanied by a rise in the average COTLOOK index by 5.10 cents per pound compared to the previous season, reaching 87.87 cents per pound during 2017/2018, and a decline in the value of the Turkish lira by more than 35%. Imports recorded a renewed rise in 2019, reaching 2902, with a growth rate of 5.25%, coinciding with a 25% fall in the A COTLOOK index over one year, and the price of domestic cotton in Turkey grew by 9% during the first six months. The imports showed a relapse by (-9.5) during 2020 as a result of the strict measures to limit the spread of the virus, and then experienced a subsequent upturn in 2021, with an import growth rate of 24.75% due to strong demand following the recovery from the Corona virus, and the rising production in sectors that depend on fibre, such as textile industry, as well as the decreased cotton production, which positioned Turkey second in fibre imports after China.

Figure 10. Turkey' textile fibre trades



Source : elaborated by the student based on the data provided in appendix I, II

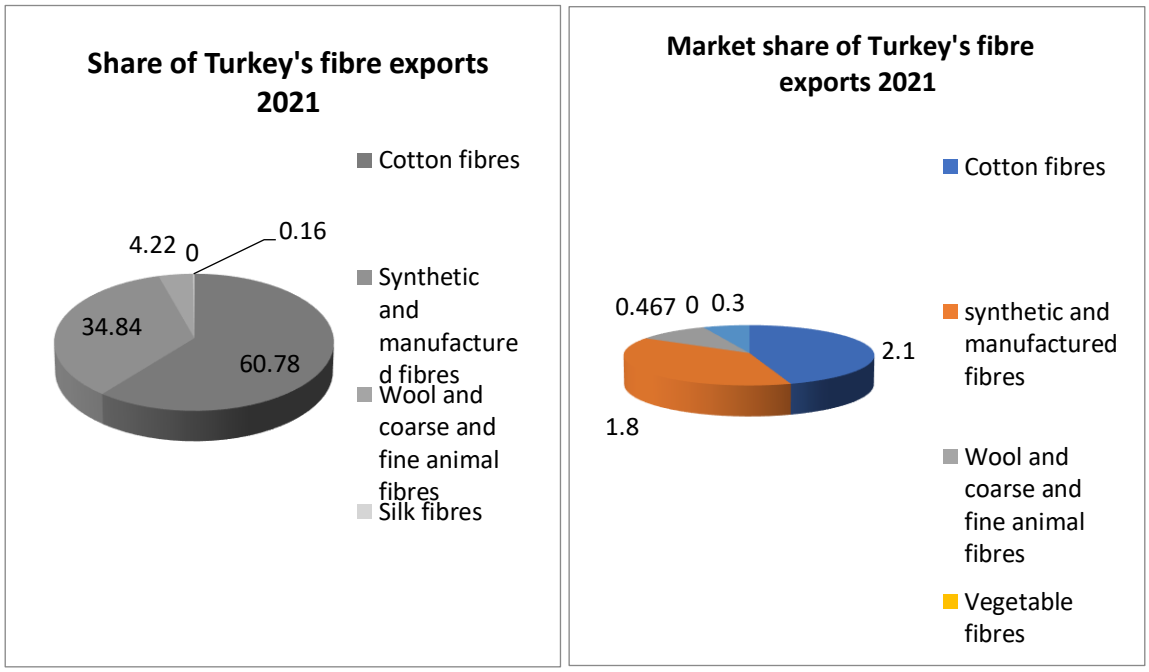
5.2.Market share of Turkey's textile fibre exports 2021.

The pie chart illustrates the proportional distribution of Turkey's textile fibre exports in 2021 that relied primarily on cotton fibres and the expanding role of synthetic fibres, while silk, vegetable fibres and wool remain of diminished effect. Turkey's cotton fibre exports constituted 60.78%, owing to the availability of raw materials in Turkey, and synthetic and manufactured fibres represented 34.84%, while wool and coarse and fine animal fibres accounted for 4.22%. This indicates that Turkey's wool exports are limited compared to cotton, synthetic and manufactured fibres, due to high production costs, wool price fluctuations, and competition from synthetic fibres. Whereas silk fibres represented 0.16% of total fiber exports, which is a very small percentage, reflecting the low dependence on silk in Turkey's fibre exports. Turkey's vegetable fibre exports accounted for 0% of global exports. Meanwhile, the global market share of Turkish fibre exports scored 1.6%, up from 1.1% in 2020. The global market share of cotton fibres reached 2.1%, while

that of synthetic and manufactured fibres attained 1.8%, wool, coarse and fine animal fibres reached 0.467%, and silk fibres stood at 0.32%.

Overall, it can be said that Turkey suffers from weak competitiveness in wool, silk, and vegetable fibres, except for cotton, compared to other producing and exporting countries.

Figure 11.Market share of Turkey's textile fibre exports2021

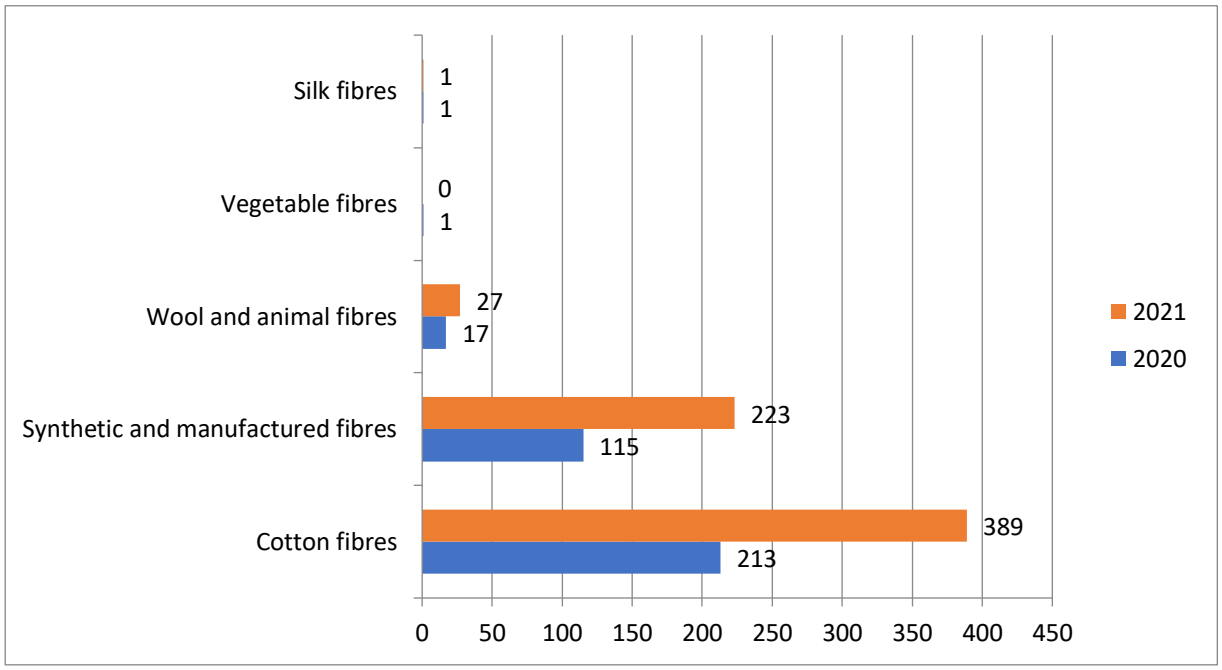


Source : elaborated by the student based on the data provided in appendix III

5.3.Turkey's textile fibre exports 2021.

Turkey's cotton fibre exports amounted to 213 million dollars during 2020, jumping to 389 million dollars in 2021, an increase of 82.63%. This was attributable to the recovery from the COVID-19 pandemic and the increased consumer demand due to the heightened interest in comfortable clothing, which positively impacted the demand for cotton products (kursun, 2022, p. 21). As for synthetic and manufactured fibres, their exports reached 115 million dollars in 2020 and increased to 223 million dollars during 2021, with a change of 93%. This reflects the importance of synthetic and manufactured fibres in Turkey's exports because of their low cost and properties suitable for modern industries. While exports of wool and coarse and fine animal fibres accounted for 27 million dollars during 2021, compared to 17 million dollars in 2020. Global wool consumption declined in 2020, and Turkey has a strong wool industry that meets the needs of clothing producers and exporters. As for vegetable fibres, their exports achieved one million dollars in 2020, but they fell to nil (-100) in 2021. Silk fibre exports reached one million in 2020, remaining stable in 2021 with a zero change rate.

Figure 12. Turkey's textile fibre exports

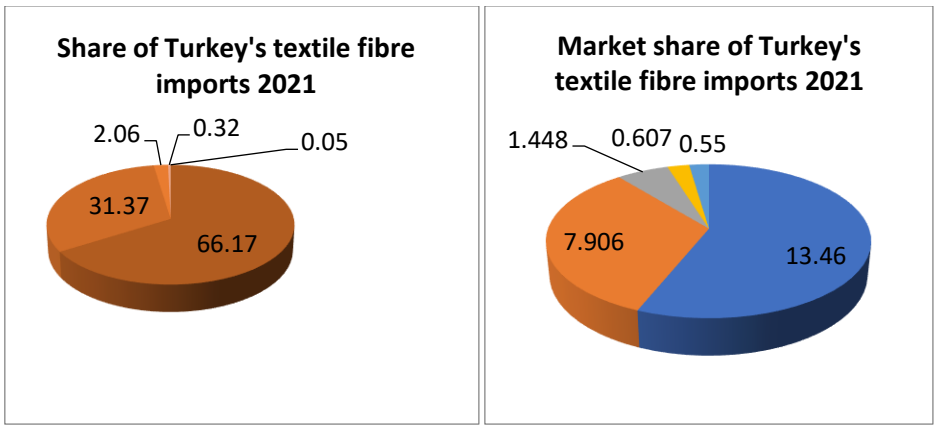


Source: elaborated by the student based on the data provided in appendix III

5.4.Market share of Turkey's textile fibre imports 2021.

Turkey's cotton fibre imports account for 66.17% of its total. Although it is among the world's leading cotton growers, domestic cotton production does not meet the country's production demand (الاقتصاد, 2019, p. 2). While the share of synthetic and manufactured fibres, wool and coarse and soft animal fibres, vegetable fibres, and silk fibres stood at 31.37%, 2.06%, 0.32%, and 0.05%, respectively. On the other hand, we find that the global market share of Turkish imports of textile fibres reached 9.1% during 2021, after achieving a market share of 8% in 2020. The global market share of imports of cotton fibres reached 13.46%, while the share of synthetic and manufactured fibres was 7.906%. As for the share of wool and animal fibres, plant fibres, and silk fibres, they covered 1.448%, 0.607%, and 0.55%, respectively of the total market share.

Figure 13. Market share of Turkey's textile fibre imports 2021



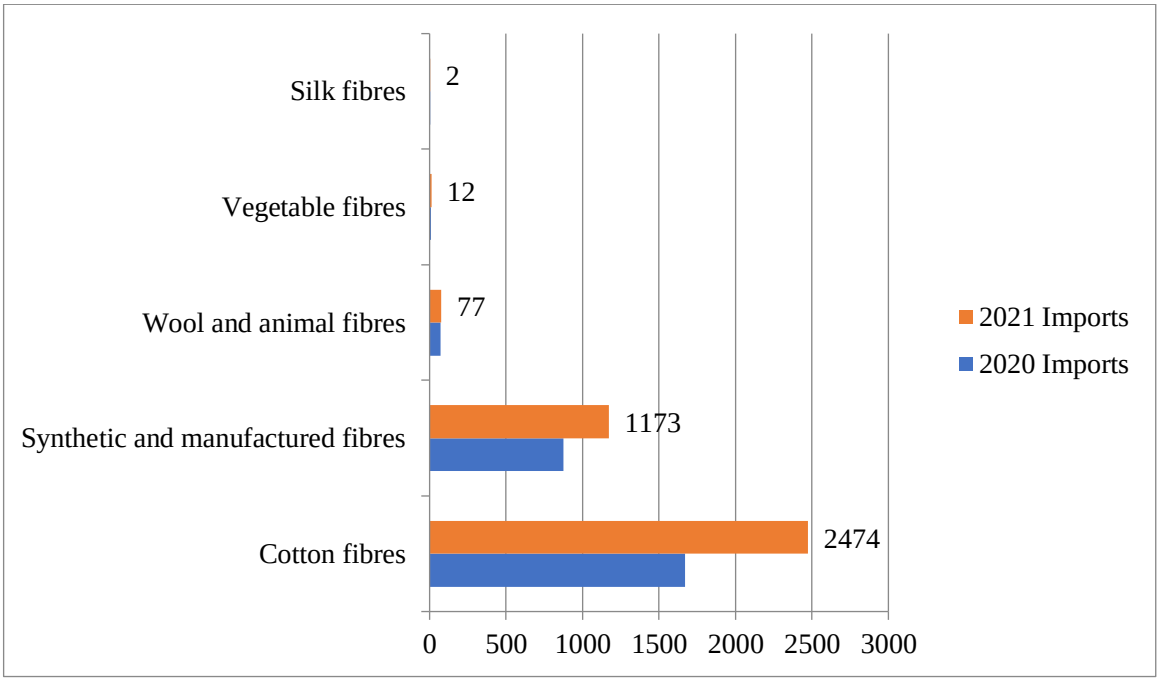
Source : elaborated by the student based on the data provided in appendix III

5.5.Turkey's textile fibre imports 2021.

During 2020, Turkey's cotton fibre imports recorded a value of 1,672 million dollars, rising to 2,474 million dollars in 2021, a 48% increase as a result of the growing consumer demand, higher

cotton consumption, and a steep drop in cotton production. As for synthetic and manufactured fibres, Turkey's imports amounted to 874 million dollars in 2020, climbing to 1,173 million dollars at a change rate of 34.2%, which highlights the importance of synthetic and manufactured fibres among Turkey's imports owing to their low cost. Regarding wool and animal fibres, there was a slight rise from 70 million dollars during 2020 to 77 million dollars in 2021, a modest increase of 10.2%. On the other hand, Turkey's imports of vegetable fibres estimated at 8 million dollars during 2020, rising by 50% to 12 million dollars in 2021. While Turkey's silk fibre imports stabilized, reaching 2 million in 2020 and remaining steady during 2021.

Figure 14. Turkey's textile fibre imports



Source: elaborated by the student based on the data provided in appendix III

From the above, we conclude that Turkey significantly improved its export capacity between 2020 and 2021, due to the recovery of global demand after the 2020 economic recession caused by the pandemic and the surge in global fibre prices, which boosted the value of exports. On the other hand, the substantial increase in imports reflects the rise in local consumption of fibres, especially cotton and synthetic fibres. Turkey's heavy reliance on cotton imports from the United States, Greece, Brazil, and Mexico, despite the improvement in its exports, points out that its textile industry relies on imported raw materials to meet the local and foreign markets.

The 84% growth in exports indicates that the Turkish textile fibre sector has witnessed strong external demand, reflecting the quality of the product and its high competitiveness in the markets. However, the value of imports still considerably exceeds exports, revealing a large trade deficit in this sector.

5.6.Available opportunities for the promotion of Turkey's integration into global value chains of textile and clothing industry.

- Geographical proximity to European and American markets.
- The expansion of free trading conventions and customs union facilitate Turkey's integration into global value chains.
- The development of Turkish brands worldwide owing to products quality and design capacity enables Turkey to move from manufacturing to build special brands.

- Safe trading environment and flexible regulations encourage world investors to get into the market.
- High quality fashion products with fair prices and express delivery.

5.7.Challenges faced by Turkey's integration into global value chains of textile and clothing industry:

- The lack of advanced technology in Turkish companies to carry out modern production operations.
- The rising costs of production and the loss of cost advantage.
- Turkey faces a stiff competition from emerging economies (China, India and Vietnam) with low production cost and high production capacity.
- Foreign direct investment flows in textile and clothing industry are inefficient to enhance growth and development opportunities within global value chains.
- Environmental challenges and sustainability requirements.

5.8.Comparison between textile and clothing industry in Turkey and emerging economies within global value chains.

Textile and clothing industry in Turkey, Vietnam, and India reflects different models of integration into the global value chains, with Turkey boasting a vertically integrated industrial base encompassing various stages of production from fibres into ready-made clothes. This gives it a quality-based competitive advantage and a strong responsiveness to European market demands owing to its geographic proximity, with an increasing trend towards activities of a higher added value such as designing and developing. In contrast, Vietnam relies on a production model based on low costs and attracting foreign investment, making it a major centre for clothes assembly in a pattern of cutting fabric, sewing clothes and final finishing. However, its heavy reliance on import of inputs restricts its further integration into the chain. A for India, despite possessing significant raw materials, especially cotton, and a large production sector, it suffers from poor industrial integration and difficulties in infrastructure and productivity, restricting its ability to elevate in global value chains. While China; the world's largest exporter of textile and clothing; possesses a large share of domestic content in its export. This can be attributed to the development of domestic importing chains that cover all production stages from textile production to spinning, weaving and dying, reaching the last stage of apparel manufacture. Therefore, it can be said that Turkey represents an integration model based on quality and complementarity, Vietnam represents an integration model based on cost and foreign investment, while India represents an integration model based on raw materials along with structural challenges that limit its effectiveness.

6. Conclusion.

Textile and clothing industry is regarded as a significant development strategy in Turkey since it is a major source of imports for the Turkish economy, also it contributes to the gross domestic product and it provides great employment opportunities.

6.1.Findings.

In view of the forgoing, it is evident that textile and clothing industry in Turkey holds a strategic place in national economy, and it is one of the most integrated sectors in the global value chains due to its productive and competitive components that include diversity of industrial base, the availability of qualified work force, integration of production stages raw materials to finished products, reaching post-production activities, marketing and logistic services. This validates the first hypothesis. The diversity and rising exports and imports also reflect Turkey's involvement in various stages of the chain, thus; confirming the validity of the second hypothesis. On the other hand, geographic proximity to European markets emerges as crucial factor in supporting Turkey's competitive ability, especially in terms of high responsiveness and reduction of transport cost,

which reinforces the third hypothesis. Conversely, the study showed that high production and work costs compared to some Asian economies represent a real obstacle to deepening this integration, confirming the validity of fourth hypothesis. Therefore, Turkey's integration in global value chains can be seen as a uncompleted dynamic integration that combines elements of strengths and challenges at the same time. While opportunities related to upgrading within the chain, quality improvement, and innovation allow it to promote its competitive position, the challenges related to cost and technology remain an impediment to achieving a deep and a sustainable integration. This necessitates the adoption of strategies based on increasing added value and reinforcing technological abilities through attracting foreign investment, in order for Turkey to ensure its position and promotion into global value chains.

6.2.Recommendations.

- Investing in modern technology and artificial intelligence in order to improve quality and increase productivity.
- Supporting small and medium-sized enterprises in adopting innovative and sustainable production techniques is recommended.
- Employing automation and digitalization in production lines to lower labour force cost.
- Focusing on modern designs and fast fashion is necessary.
- Expanding towards new markets in Africa, Asia and Latin America would reduce dependency on the European Union.
- Encouraging joint investments in silk and linen farms outside Turkey is recommended.
- Highlighting the use of Turkish silk and vegetable fibres in brands as a symbol of quality and luxury

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APPENDICES I. PROMINENT COUNTRIES IN FIBER EXPORT

UNIT:MILLION $	2017	2018	2019	2020	2021
USA	7.054	7.770	7.254	6.952	6.792
AUSTRALIA	4.449	4.791	3.357	1.904	4.070
INDIA	2.726	3.209	1.995	2.301	3.972
BRAZIL	1.473	1.737	2.752	3.333	3.518
CHINA	3.159	3.675	3.202	2.285	2.667
SOUTH KOREA	1.332	1.588	1.328	1.130	1.328
BELGIUM	855	1.106	1.145	932	1.204
INDONESIA	535	612	881	687	1.061
THAILAND	804	992	850	706	921
GREECE	406	411	598	456	815
TURKEY	315	383	397	347	640
OTHER COUNTRIES	11.676	12.809	12.110	9.780	12.158
TOTAL EXPORT	34.786	39.083	35870	30.813	39.147

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APPENDICES II.PROMINENT COUNTRIES IN FIBER IMPORT

UNIT: MILLION $	2017	2018	2019	2020	2021
CHINA	7.566	9.175	8.713	7.334	8.308
TURKEY	3.059	2.757	2.902	2.626	3.739
VIETNAM	2.953	3.462	3.087	2.761	3.397
BANGLADESH	2.118	2.687	2.508	2.232	3.225
PAKISTAN	1.345	1.701	1.266	1.861	2.600
INDONESIA	2.128	2.356	1.823	1.273	1.727
ITALY	1.628	1.889	1.659	1.186	1.655
INDIA	1.923	1.694	2.406	1.054	1.500
USA	1.284	1.391	1.304	1.134	1.466
GERMANY	1.289	1.253	1.116	934	1.179
OTHER COUNTRIES	12.766	14.216	12.823	10.356	12.065
TOTAL IMPORT	38.058	42.582	39.608	32.753	40.860

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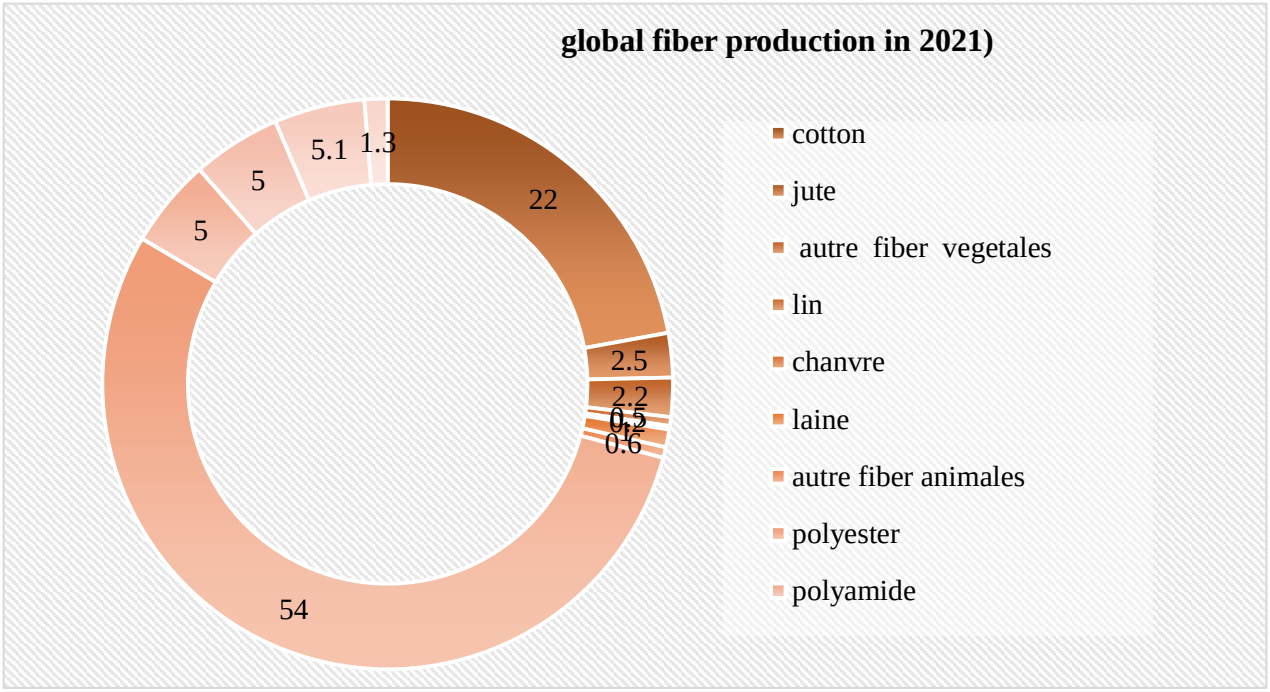
APPENDICES III.GLOBAL FIBER FOREIGN TRADE BY SUB-PRODUCTS

UNIT: million **$**	Total export 2020	Total export 2021	TURKEY's Export2020	TURKEY's Export2021	Total import 2020	Total import 2021	Turkey's import2020	Turkey's import2020
Cotton fiber	**14.955**	**18.698**	**213**	**389**	**14.297**	**18.374**	**1.672**	**2.474**
Synthetic-artificial fiber	**9.672**	**12.087**	**115**	**223**	**12.337**	**14.836**	**874**	**1.173**
Wool and fiber of fine /coarse animal hair	**4.072**	**5.778**	**17**	**27**	**4.175**	**5.315**	**70**	**77**
Vegetable	**1.807**	**2.232**	**1**	**0**	**1.633**	**1.976**	**8**	**12**

fiber								
Silk fiber	**308**	**352**	**1**	**1**	**311**	**358**	**2**	**2**
Total export	**30.813**	**39.147**	**347**	**640**	**32.753**	**40.860**	**2.626**	**3.739**

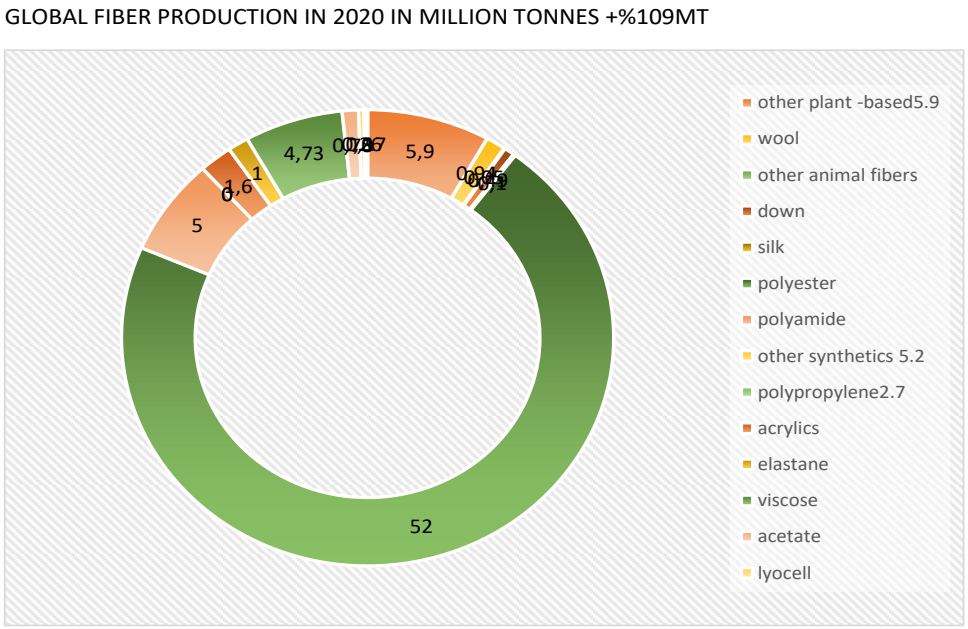
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APPENDICES IV.GLOBAL FIBER PRODUCTION IN 2021



Source: preferred fiber and materials, market report 2022,textile exchange

APPENDICESV.GLOBAL FIBER PRODUCTION IN 2020 IN MILLION TONNES



SOURCE: preferred fiber and materials , market report 2021 ,textile exchange