

Undeterred by falling demand, inflation and earthquakes

The textile country Türkiye is raising its profile as a production location for quality, sustainability and technological progress and remains a strong player in the textile and fashion world as well as for the economy in its own country, even in times of crisis.

Sixth strongest export nation in the global textile and clothing trade and third strongest as a clothing and ready-made garment supplier for Europe. Ranked third among filament and cotton yarn producing countries with 2.6 million tons per year, after China (69.9 million tons) and India (8.8 million tons). One of the top 5 yarn producers with an estimated capacity of 8 to 8.5 million spindles and almost 900,000 rotors, according to the yearbook „The Fiber Year“ (TFY) 2024. These bare figures alone, as of 2023/2024, profile Türkiye on the global textile stage as a top player with a wide-ranging repertoire.





However, the country between the Orient and the Occident is also gaining more and more appeal as a location for and creator of high-quality fashion, creative design and modern production with an ecological and sustainable focus. Adidas, Benetton, Calvin Klein, Hugo Boss, H&M, Levi's, Marks & Spencer, Nike, Puma, Primark, Tommy Hilfiger, Zara - the well-known international fashion labels also produce in Türkiye. Turkish ready-to-wear brands such as LC Waikiki, Mavi or Vakko also have a good reputation in the fashion world when it comes to quality, value for money and trend orientation. Turkish trademarks are above all the production of high-quality denim and home textiles.

Textiles from the region of Türkiye have been around for at least 4,000 years

This concentrated textile power has deep historical roots. Archaeological finds prove that textile production in today's Anatolia dates back to antiquity

and even as far as 2000 BC. Ottoman textiles influenced the Turquerie movement in Europe between the 16th and 18th centuries, an oriental fashion that imitated Turkish art and culture. They became a luxury item for elite European households and influenced European silk and cotton weaving at the time.

The Turkish textile industry developed in three regions in particular: İstanbul, Bursa and Ege (Aegean). According to the Turkish İsbank, İstanbul, Türkiye's largest city with an exposed geographical location as a gateway to Europe, is home to over 60% of all registered clothing companies (as at the end of 2020). Many international textile companies, leading Turkish fashion brands and designers as well as industry trade fairs are represented. The commercial center is known for circular knitwear, knitwear and hosiery, clothing and home textiles. Bursa has remained true to its Ottoman tradition as a center of silk production, but synthetic filament yarns and fabrics are also produced here. The Aegean region has two major centers: the city

of İzmir is strong in ready-to-wear clothing, home textiles, knitwear and woven fabrics, cotton is also grown in this area; Denizli is mainly known for the production of towels, bathrobes and home textiles. Gaziantep, the world capital of carpet production, is moving away from BCF and towards POY/DTY yarns in recent years due to market trends and is experiencing a revaluation as a hub for textile and technical polyester applications compared to established centers, also driven by local cost advantages. Other textile hotspots are Adana, Kahramanmaraş, Kayseri, Tekirdağ and Uşak.

The Turkish textile industry: a strong economic driver in the country

More than 1 million people were employed in the Turkish textile industry in mid-2024, including a good 600,000 in the clothing sector, estimates the research and consulting firm modus factum. That would be a good 3% of the 32.7 million Turkish employees recorded at the end

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of 2024, according to the CEIC economic database. However, there are likely to be around half a million unregistered textile employees. Various figures can be found on the number of companies. In 2020, McKinsey consultants estimated the number of companies in the textile sector at around 88,000. This matches the forecast by market researchers from the German platform Statista, who speak of a good 27,000 companies in the textiles segment and over 61,000 in the clothing sector for 2025.

As these figures suggest, the textile industry plays an important role in Türkiye's economy. In 2023, according to the information portal Germany Trade and Invest (GTAI), the textiles/clothing sector ranked first with 12.5% of Türkiye's total exports, ahead of motor vehicles and parts (11.6%) and food (10%). In the same year, the sector was the second largest industry in terms of production with a total value of over 80 billion US dollars (USD), according to TFY data. Fiber and filament production grew steadily since 2014 until its downturn in 2023. In recent decades, the apparel and footwear industry has grown steadily and benefited from the customs union agreement and low labor costs in trade with the EU. The industry has consistently recorded trade surpluses, reducing Türkiye's uninterrupted trade deficit since 1947 - by an impressive USD 21 billion in 2023. However, behind this positive-sounding result, there have also been losses and increasingly difficult framework conditions in recent years.

Falling demand dampens textile and clothing trade

The coronavirus pandemic and its aftermath, the unstable global economy due to geopolitical crises, rising inflation,

energy and production costs - these challenges, which are still having an impact, led to lower global demand for clothing and textile products and also affected the Turkish textile industry's trading results.

From around 2016 to 2022, Turkish exports of textiles and apparel had risen to an all-time high of USD 35.3 billion according to TFY figures, with the exception of a drop in the first coronavirus year of 2020. The downturn began in 2023 with exports falling by -6.8% to USD 32.9 billion, including a drop of -10% in man-made fibers (USD 3.5 billion), -7% in cotton (USD 2.1 billion) and -5.9% in the apparel industry (USD 18.3 billion). According to Statista, the latter fell further to USD 16.6 billion in 2024. Europe is the largest recipient of Turkish textile and clothing exports, accounting for around two thirds (66%) of exports in 2023 according to TFY data, followed by 18% for Asia. The 27 EU countries reduced their imports from Türkiye by -15.1% in terms of value to EUR 14.9 billion and by -16.4% in terms of volume to 1.4 million tons. Germany, the number one export country, purchased -9.5% less in terms of value,

Istanbul is known as a trading center for knitwear, clothing, and home textiles, and according to the Turkish Isbank, over 60% of all registered clothing companies are located there.





Spain -33.5% and the Netherlands in third place -8.4%. Exports to the USA also shrank by -12.2% to USD 2.5 billion. The most important textile export items were knitwear, woven garments, manmade fibers and cotton.

Global imports of textiles and clothing to Türkiye also fell from USD 15.1 billion to USD 12.2 billion (-19%) in 2023. On the one hand, this indicates lower demand; on the other hand, the Turkish government's anti-dumping policy directed against Asian competitors, which renewed tariffs on textile imports in autumn 2023 and introduced higher taxes for fibers, yarns and fabrics as well as clothing (except for countries with a free trade agreement), probably also had an impact here.

Economic headwind blows away some of the positive effects

However, with regard to the aforementioned trade declines, it should be noted that previous exports had risen sharply in 2021 and 2022. The devaluation of the Turkish lira in 2021 and the delayed and more expensive flow of goods due to coronavirus restrictions may have played a role in this increase, which prompted European customers in particular to buy more cheaply from neighboring Türkiye with significantly shorter delivery times. At the beginning of 2024, a similar effect once again favored Türkiye as a near-shoring hub when disrup-

tions in the Red Sea forced shipping to take major detours to Europe.

However, there were and still are many headwinds, some of which blew away the positive effects: calculated in US dollars, Turkish clothing production became increasingly expensive not only due to local economic conditions,

The Turkish chemical fiber industry has grown steadily since its beginnings in the 1960s and has surpassed cotton production in terms of staple fiber volumes in recent years.

but also because the prices of primary products and raw materials rose and the weak currency made imports more expensive. Following the elections in spring 2023 in Türkiye, which were won by the previous government, the key interest rate was raised sharply and economic policy was changed as a result. Growing inflation affected purchasing habits and demand for textiles and clothing fell worldwide. The Turkish government also increased the prices of electricity and natural gas by 20% in October 2023. According to TFY data, the domestic producer price index rose by 47% for textiles and 56% for clothing in December 2023 compared to the previous year.

This made it increasingly difficult to compete with the South Asian industry and its low wages and prices, causing European and American brands to reduce their Turkish orders. The earthquake in south-east Türkiye in February 2023 had already slowed down Turkish textile and clothing production locally. Although only around 14% of Turkish textile companies are located in the affected region, a large proportion of cotton production is. The problem for local companies concerns the reconstruction of technology and factories, but even more so the return and (re-)employment of staff. All in all, the downward trend and lower demand in the target markets meant that, according to TFY, more than 1,300 Turkish clothing manufacturers ceased operations in 2023 and around 85,000 jobs were lost in the first three quarters alone.

Manmade fiber industry: Dependence on imports could decrease in the future

The Turkish man-made fiber industry has grown steadily since its beginnings in the 1960s and has overtaken cotton production in terms of staple fiber volumes in recent years, with 912,000 tons (MMF) compared to 887,000 tons (cotton) in 2023 according to TFY. The polyester fiber manufacturer SASA, founded in Adana in 1966, and the company Aksa, founded two years later in Yalova, with a capacity of 355,000 tons per year, are a global leader and the only acrylic fiber manufacturer in Türkiye. SASA reached a production capacity of around 1.37 million tons per year in 2021, and its range for the textile industry includes polyester staple fibers, filament yarns, nonwovens, textured and POY yarns and other precursors.

However, it is not just the two global players who have to defend themselves against the price-sensitive manmade

fiber manufacturers, especially from Asia, who are keeping import pressure high and, for example, were responsible for the import of 240,000 tons of polyester staple fibers and 635,000 tons of polyester filaments in 2023 - despite anti-dumping policies and a weak Turkish lira. In the face of falling demand from the textile industry and the central bank's restrictive monetary policy, the many SMEs in Türkiye are struggling to raise capital for the ongoing production process, find affordable letters of credit and shoulder wage costs, which the state has almost doubled by decree since 2023. The enormous cost pressure is exacerbated by rampant inflation and China's dumping prices, which can undercut a large company like Sasa even with tariffs.

There is better news when it comes to raw materials, which account for around 60 to 70% of the cost of man-made fibers. Domestic production capacities for raw materials have not been sufficient to date; according to GTAI, 70% of Turkish chemical production still has to be sourced from abroad. However, SASA wants to produce its own raw materials in future and has commissioned a plant for the production of PTA with a current capacity of around 1.7 million tons per year in spring 2025. According to TFY, SASA also plans to significantly expand its capacities for PTA, staple fibers and filaments in the coming years and build

Turkey has a long history in textile manufacturing and remains a major player in the textile industry today.





Initiatives such as the Better Cotton Project promote sustainable cotton production. According to the German-Turkish Chamber of Commerce, Turkey already ranked fourth in global organic cotton production in 2021.

a large plant for the production of the polyester raw material MEG (monoethylene glycol). And as Türkiye is already a global leader in textile finishing and processes most yarns itself, the country will soon be able to better serve the entire value chain and reduce its dependence on imports from Asia.

Cotton: a springboard into the growing organic market

Cotton is traditionally one of the central raw materials of the Turkish textile industry, which is also one of the top producers and quality leaders worldwide. With 887,000 tons (+6.5%), Türkiye ranked fifth among global cotton producers in 2023 and fourth with 1.64 million tons of cotton yarn, although TFY predicted significant losses for 2024. Domestic consumption and imports are also increasingly declining - a consequence of the declining export demand for clothing as well as the reduced purchasing power of the majority of the population in Türkiye, which has to import around half of its cotton requirements (2023: 1.7 million tons).

Cotton production is concentrated in south-eastern Anatolia and is therefore largely located in the areas affected by the earthquake. This is not the only challenge: despite subsidies, the agricultural sector continues to struggle with global and local crises, supply chain problems, inflation, exchange rate fluctuations and, increasingly, droughts as a result of climate change. The digitalization of agriculture for greater efficiency and

sustainability as well as eco-certified cotton production are therefore on the agenda for long-term improvement. According to modus factum, the Better Cotton Project, a multi-stakeholder initiative, has been promoting sustainable cotton production in Şanlıurfa and Diyarbakır since 2019. 1,830 farmers are already growing cotton according to organic standards on an area of 38,000 hectares, supported by the UN and the regional development administration GAP, financed by the Growth and Innovation Fund (GIF). The main objectives are the integrated use of resources and the minimization of environmental pollution.

With such initiatives, Türkiye is gaining opportunities in the rapidly growing global market for organic cotton. According to the Turkish-German Chamber of Industry and Commerce, the country ranked fourth in global organic cotton production in 2021 with a share of 10%. In terms of the area converted into organic cotton production, it was even in second place behind India.

Türkiye commits to sustainability and high-tech

The „green“ transformation is determining the strategy of the Turkish textile industry across the board. Topics such as the digital product passport and circular value chains are occupying the fashion industry at Turkish trade fairs such as Texhibition and IFCO. There is a particular focus on the EU's „Green Deal“ as the most important market and its goals relating to the carbon footprint, recycled and recyclable textiles, sustainable production processes, resource conservation and waste prevention. In order to strengthen sustainability, quality and competitiveness, textile companies in Türkiye have also been investing in the expansion of online trade, digitalization and automation for greater efficiency, production transparency and



delivery flexibility for years. This trend towards sustainability and high-tech is supported by industry associations and the Turkish Ministry of Trade with investment incentives.

There are a large number of projects and results. For example, according to modus factum, the international Turkish clothing brand DeFacto received an award for its commitment to environmentally friendly business practices and aims to produce 90% of its collections sustainably by 2030 and reduce CO2 emissions by 55%. According to TFY, Köksan, one of the leading PET manufacturers in Türkiye, is investing in the construction of the world's largest rPET plant for chemical recycling of PET post-consumer waste with an annual capacity of 110,000 tons. In İzmir, fashion giant Hugo Boss and Turkish textile manufacturer Sun Tekstil are using artificial intelligence to optimize production processes and reduce environmental impact in the process chain, reports modus factum. 45 textile companies alone are driving research and development and working on creative Industry 4.0 solutions in Türkiye's 78 technoparks and 54 design centers.

Digital technologies could also fulfill another sustainability task: In the glo-

balized world of trade, Turkish companies would do well to their high-quality products with proof of quality along the entire supply chain, from raw materials to the finished product. This would help Türkiye, with its focus on „green“ strategies, modern technologies, quality over quantity, delivery flexibility and speed, to remain competitive and popular, especially as a partner for European brands and the main target market of Europe - despite cost disadvantages compared to the major textile locations such as China, India, Bangladesh, Pakistan and Indonesia. The potential is there. And even if the economic recovery may take a while, Türkiye as a textile country is

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moving forward unwaveringly and step by step. Its sights are set on the Gulf region, for example, with which a free trade agreement (FTA) is being negotiated and to which exports have already increased.



Turkey is not only a relevant location for textile production—the country is also gaining appeal for creators of high-quality fashion and creative design.

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