

CICCA Update by Member Associations



Issue 10 – 22 December 2017

Welcome to this Update, keeping you informed of the new developments at the Member Associations and Observer Organisations. This publication comes as a result of a decision reached at the 2012 Plenary Meeting that “To facilitate the understanding of the latest cotton related information in the countries of Member Associations and to make CICCA more pro-active if necessary, it was agreed that Member Associations would update their countries’ cotton market information on a quarterly basis, and this would be distributed within the CICCA forum.”

Any suggestions and comments would be greatly appreciated. The following Member Associations and Observer Organisations have contributed to this issue:

[ACSA Australia](#), [ALCOTEXA](#), [CCA](#), [GCA](#), [ICA](#), [ICAC](#), [ICE](#), [ITMF](#) and [USDA](#).

ACA - Association Cotonnière Africaine

(No update)

ACSA – American Cotton Shippers Association

(No update)

ACSA – Australian Cotton Shippers Association

With 2017 drawing to a close and the Australian 2017 crop largely committed to export markets, the Australian cotton industry is mainly focused on the outlook for 2018.

With ideal seasonal conditions prior to planting and good local price offerings to growers, the current outlook is for a 4.3 million bale crop. Planting seed sales suggest that a total of 495,000 hectares will be planted to cotton. The crop will be fully planted by the end of November and weather during the growing season will now determine production.

Recent weather forecasts for Australia have indicated increased chances of a La Nina event occurring.

AFCOT – Association Française Cotonnière

(No update)

ALCOTEXA - Alexandria Cotton Exporters’ Association

	Commitments (Tons)	Shipped (Tons)	Value (\$)
1st Quarter	28,008.50	4,098.20	82,313,586
Total	28,008.50	4,098.20	82,313,586

BBB – Bremer Baumwollbörse

(No update)

BBM – Bolsa Brasileira de Mercadorias

(No update)

BCA – Belgian Cotton Association

(No update)

CAI – Cotton Association of India

(No update)

CAN - Centro Algodonero Nacional

(No update)

CCA – China Cotton Association

During 2016/2017 cotton season, both the steadily declined Chinese state cotton reserve and clarified cotton target policy in Xinjiang send positive signals to market. China textile industry recovers moderately.

According to CCA, cotton production nationwide in 2016 season is 4.937 million tons, import cotton is 1.1 million tons, cotton consumption is 8 million tons, and reserve cotton transaction is 2.66 million tons. By the end of August, new harvest starts in Xinjiang. The national cotton output in 2017/2018 season is estimated to be 5.467 million tons, 10.23% up year on year.

In supply: national cotton acreage in 2016 season decreased, meanwhile the unit yield and quality improved. In Xinjiang, cotton production reached 3.95 million tons, 10.65% up, accounting for 80% of the national total; in Yellow River and Yangtze River basins, acreage reduced by 13.7%, and output was down by 26.6%. Cotton import in 2016 season was 1.1 million tons, 14.6% up, reserve cotton transaction was 2.66 million tons, and ending stock was 9.224 million tons.

In demand: textile industry recovers steadily with increasing price and improved margins. In 2016 season, the total export of textile and apparel was 265.32 billion USD, 4.5% down year on year. Domestically, Xinjiang attracts more textile investments and promises more capacity.

GCA – Gdynia Cotton Association

Polish Textile Branch (January – October 2017)

Within the period of 10 months of 2017, the increase of production volume in the most important categories of textile products, when compared to January – October 2016, was noted for 6 of them: cotton yarn, coated cotton fabrics, bed-linen, textile wrappings, textile fitted flooring, and runners.

Production lowered in the case of 4 categories of textiles: flax yarn, cotton fabrics, fabrics made from synthetic and artificial filament yarns, and carpets.

Data from the Central Statistical Office show that within last 6 months, the average employment (in companies employing 9 or more employees) in textile industry has not changed and it was 47 thousand persons, whereas in the same period, the clothing industry employment was fluctuating by +/- 1 thousand, and in October it was 69 thousand persons.

In total, in both branches, at the end of October 2017, in companies employing 9 or more persons, there were 116 thousand employees. In August 2016, the total employment was also 116 thousand people.

Within the period of 10 months of 2017, the value of production sold by Polish textile industry, when compared to the same period of 2016, increased by 6.5% and it was PLN 1.1 billion.

2016 brought an impressive, as it was almost 54%, increase of investment value in textile industry, when compared to 2015. After such great investment increase last year, the forecasts were indicating a hampering tendency in 2017.

Irrespective of those forecasts, in 3 quarters of 2017, the investment outlays in textile industry were higher by 2% when compared to the same period of 2016.

In 2016, 6.72 thousand tonnes of raw cotton materials were imported to Poland and processed – those which are used for cotton and blended yarns, non-wovens and hygienic-cosmetic products based on cotton fibre.

We expect that in 2017 imports of raw cotton materials exceed 7 thousand tonnes.

ICA – International Cotton Association

ICA welcomed Mr Bill Kingdon as its new Managing Director in November 2017.

At October's trade event in Singapore, ICA welcomed a new President and new Board. Mr Salman Ispahani (Managing Director, Pahartali Textile and Hosiery Mills) will take the role of ICA President from October 2017-October 2018.

Read the above full announcements here: <http://www.ica-ltd.org/news/>

Our ever-popular training course, Complete Cotton, is now open for registration. The ten-day residential course offers a deep dive into the cotton industry, across all points of the supply chain; making it suitable for those starting their cotton career or looking to enhance their sector knowledge. Register at <http://www.ica-ltd.org/complete-cotton/>

For your diary, the next ICA Annual Trade Event will be held on 17-18 October 2018 in the Grand Hyatt Hotel, Hong Kong. The CICCA plenary meeting is scheduled for Thursday 18 October 2018 during the Hong Kong event.

A review on quality arbitration procedures is currently underway. The value differences on Micronaire and strength have now been revised and moved from the Rulebook to the four weekly Value Differences Circular. The circular is also available in the members' section of the ICA website.

A handbook on arbitration award enforcement has been created in response to members' demand. Contents include the time limits for enforcing ICA and other awards in various jurisdictions, and the role of the notary in enforcement and legalisation of ICA awards for overseas enforcement. The guide is available to ICA members only.

ICAC – International Cotton Advisory Committee

The International Cotton Advisory Committee held its 76th Plenary Meeting in Tashkent, Uzbekistan between 23 – 27 October. The meeting was attended by 345 persons, including representatives from 16 members, four international organisations and 9 non-member countries. A summary of the key points arising from the plenary Meeting are shown below.

It was noted that cotton's share of world fibre consumption had fallen to 27% compared to an increased usage of polyester fibres to 67%. After discussion, the Secretariat was instructed to establish the consumption of polyester which directly competed with cotton in order to more accurately determine the loss of market share to polyester.

In the discussions on cotton consumption it was noted that some of the obstacles to increasing demand of cotton were proper fibre identification and the relatively high retail price of cotton apparel. It was agreed that strategies for increasing the demand for cotton products, including the promotion of the benefits of cotton as a natural, sustainable and renewable fibre and the development of product logos and or labels would assist consumers in identifying cotton content. Governments were urged to strictly apply legislation as regards to the correct labelling of textile items and reinforcing customs control to avoid falsification and illegal importation.

Following the presentations on the innovative use of cotton to address consumer demands for more modern, functional textiles, it was agreed that innovation in the textile industry was crucial to the future of cotton.

The Plenary heard about a number of technology transfer projects being carried out by Brazil, BCI and India. Concern was expressed about the duplication of knowledge transfer activities and the Plenary instructed the Secretariat to investigate the possibility of serving as a clearinghouse for information concerning such activities.

It was agreed to hold the 2018 Technical Seminar on the topic of "Combating Pest Resistance to Biotech Cotton and Pesticides". The resistant strains of bollworms, whiteflies and weeds can cause debilitating effects on cotton production if not properly addressed. There is a need to elucidate

the reasons for this rapid development of resistance in some countries compared to others and to develop strategies to combat the emerging problems of resistance insects and weeds.

The Private Sector Advisory Panel (PSAP) informed the Committee that an ePhyto Industry Advisory Group (IAG) had been set up by the United Nations International Plant Protection Convention (IPPC) under the auspices of the Food and Agriculture Organization of the United Nations (FAO), to provide advice and guidance on the development and deployment of an electronic phytosanitary certification system. This will consist of a global hub and a generic national system to facilitate the international exchange of electronic phytosanitary information. There are ten members of the IAG and ICAC has been chosen to represent the global cotton industry.

The Expert Panel on the Social, Environmental and Economic Performance of Cotton (SEEP) identified 3 priority areas they would work on over the next 2 years:

- a. the compilation of management practices and information relevant to cotton growers for improving soil health;
- b. the continued testing and implementation of the guidance framework for measuring the sustainability in cotton farming systems (including finalising and releasing for comment by Members the 'lessons learned' report from the pilot tests conducted using the guidance framework);
- c. developing alternative ways of reporting on the sustainability of cotton was crucial and that cotton had a future in this industry production that better allow for the positives to be recognised.

There was a recognition that the ICAC was evolving and that communications needed to be a priority especially reaching a greater audience through social media and an improved website. The Plenary agreed that the ICAC needed to be the central repository for both economic and technical information about production, consumption and sustainability issues.

It was disappointing that there was no representation this year to highlight issues of contract sanctity and there is a danger that if this issue is not raised annually it will lose its importance in the eyes of governments. The ICAC is cotton's only inter-governmental body so provides a valuable forum for cotton associations to engage with and lobby governments on this and other issues affecting the private sector.

The ICAC is currently undergoing a major Strategic Review and will be consulting with all stakeholders, especially those in the private sector, on how it can be more effective in developing and delivering international policies, research and information to aid the cotton and textile sector. I would be grateful if CICC members could actively participate in this review as this will be a golden opportunity to have an input in developing the organisation and to ensure that private sector interests are considered. Perhaps some thought should also be given to CICC applying for observer status as well as the ICA, that way other global issues, apart from contract sanctity could also be covered.

ICE – Izmir Commodity Exchange

The satellite-based harvest estimation studies carried out by Izmir Commodity Exchange (ICE) ended at the October. This season, we expect that that the cultivation acreage of cotton in the

season of 2017/18 will be 110,228.442 ha for Aegean Region. We estimate that the cotton production will stand at 187,110 tonnes in Aegean Region and around 850,000 tonnes in Turkey in the 2017/18 season. The harvest is about to completed in Turkey.

The licensed cotton warehousing company, ELIDAS has already reached the 100-percent capacity this season.

ITMF – International Textile Manufacturers’ Federation

Since the last CICC-Meeting in October in Singapore, the following ITMF-events related to cotton have been announced:

On the sidelines of the International Cotton Conference (March 21-23, 2018) In Bremen/Germany the following two meetings will take place:

1. ITMF-Intl. Committee on Cotton Testing Methods

March 19/20, 2018 in Bremen/Germany

2. ITMF/IVGT Spinners Seminar

March 20, 2018 in Bremen/Germany

JCTA – Japan Cotton Traders’ Association

(No update)

KCA – Karachi Cotton Association

(No update)

USDA – United States Department of Agriculture

In the statement from USDA provided during the recent ICA conference in Singapore, it was stated that USDA plans to have a Universal Cotton Standards Conference in 2018. That has changed. The USDA now plans to wait until 2019 or later for the next conference given that there are no current formal proposals for changes to the Universal Cotton Standards Agreement. The USDA plans to check regularly with U.S. and international entities that are signatory members of the Universal Cotton Standards Agreement for indications of possible proposals and plan accordingly from that point. Due to the complexity of conducting the conference including the formulation of a Secretary of Agriculture appointed advisory committee, it is cost-prohibitive to conduct the conference without sound and viable proposals for change to the Agreement.