

Quarterly Update by Member Associations



Issue 5 – 4 August 2015

Welcome to this Update, keeping you informed of the new developments at the Member Associations. 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 have contributed to this issue:

ACSA (Australia), AFCOT, CCA, FITMI, GCA, ICA and JCTA.

ACA - Association Cotonnière Africaine

(No update)

ACSA – American Cotton Shippers Association

(No update)

ACSA – Australian Cotton Shippers Association

At the time of writing the 2015 season harvest is in full swing. Current estimates suggest that Australia will produce around 2.3 million bales (227kg) of cotton this season.

Localised weather conditions in many growing regions throughout the season and/or at picking time means that we will see some lower grade cotton produced but largely 2015 is viewed as a good season with exceptional yields.

The dramatic difference in production from one season to the next (3.9 million bales in 2014 and 2.3 million bales in 2015) serves to illustrate that water availability is an on-going issue for Australian cotton production. Current water storage levels at this time are not encouraging and early pre-planting estimates currently sit at 1.8 – 2.0 million bales for 2016. With four months until planting there is a potential for significant rainfall which would likely result in increased plantings and a higher production number.

AFCOT – Association Française Cotonnière

On March 24th was held the General Assembly of our association. During that meeting, the election of the new board took place. Mr Georges Toby (COPACO) was elected president,

Mr Franck Niedergang (NOBLE AGRI) Vice-President,

Mr Curt Arbenz (REINHART) treasurer and Mr Frédéric Viel (LDC) Past President.

During the same meeting, the association revealed to the participants the changes which have been introduced in the European Cotton Rules (ECR).

The work consisted in updating certain articles and in deleting those for whom the commercial practices evolved. The main modifications were brought to the chapter 7: Rejection clauses.

The next AFCOT dinner will take place in Deauville, France, on October 8th. The programme will be soon available on our web site. More than 350 guests are expected.

ALCOTEXA - Alexandria Cotton Exporters' Association

(No update)

BBB – Bremer Baumwollbörse

(No update)

BBM – Bolsa Brasileira de Mercadorias

(No update)

BCA – Belgian Cotton Association

(No update)

BM&F – Bolsa de Mercadorias & Futuros, São Paulo

(No update)

CAI – Cotton Association of India

(No update)

CAN - Centro Algodonero Nacional

(No update)

CCA – China Cotton Association

China Cotton Production

Cotton Target Price will continue to be implemented in Xinjiang in 2015, the target price will be 19,100 Yuan/ton, which was regarded by Xinjiang cotton growers as barely acceptable. According to the latest survey, the national cotton acreage projection is 3.17 million hectare, 25.1% less than that of last year. The Xinjiang acreage is 2.10 million hectare, which reduced by 7.9% over the year, the shrink is less than earlier estimate; in Yellow River and Yangtze regions, cotton acreage will decrease by 47.1% and 43.7% separately.

The Third Member Congress of China Cotton Association

On 16th December, 2014, the Third Member Congress of China Cotton Association was held in Beijing. The congress issued the past five years' work report of the 2nd Council, and elected the third Council members and its leaders. Mr. Dai

Gongxing, Member of the 12th Council Meeting, Economic Committee of CPPCC, Former Party Member and Vice President of All China Federation of Supply and Marketing Cooperatives (ACFSMC), was elected as President of CCA; Ms. Gao Fang was elected as executive vice president of CCA; Mr. Wang Zhengwei and other 19 Council members were elected as Vice President; Mr. Wang Jianhong was elected as Secretary General.

FITMI - Federazione Imprese Tessili e Moda Italiane

In the first months of 2015 there have been positive signs for the Italian economy, although the picture remains mixed. This was stated by ISTAT (the National Statistics Institute) in its latest reports, where it is also explained that the continuous improvement of the views of consumers and businesses is not fully reflected in the production volumes.

The labour market is still showing mixed signals, despite an increase in hours worked.

The disinflation process has stabilized. According to ISTAT, in the absence of abrupt changes in the international environment, inflation is not expected to show significant changes in the coming months.

Overall, the leading indicator of the Italian economy remains positive, supporting the hypothesis of an improvement in economic activity in the second and third quarter.

However, despite the positive news on the economic performance, in the spinning and weaving sector still persists scarce demand and prices remain at the lowest levels. During the month of May some spinning mills have been forced to reduce work shifts (4 to 3) or not to work on Friday and Saturday. Consequently covers on cotton have extended and we do not foresee improvement in demand for the time being.

GCA – Gdynia Cotton Association

On 29 May 2015, the 74th Ordinary Reporting-Electing General Assembly of the GCA Members was held. The Assembly was accompanied by the special Gdynia Cotton Association 80th Anniversary Jubilee Session and the Conference – Open Debate entitled: "Innovativeness as a Platform for Cooperation of Science and Industry – a Chance, a Vogue, or Necessity?"

The General Assembly elected new authorities for the subsequent 2-year term.

The new Presidium of the Board of Directors:

Artur Gacek, POLONTEX S.A. – President

Marek Dominiak, TEXIM M. Dominiak Sp. J. – Vice President

Alois Schönberger, POLCOTTON Sp. z o.o. – Vice President

Zbigniew Roskwitalski, IB – Executive Vice President, Director

The 1st Quarter of 2015 in Polish Textile Branch

Results of production of the Polish textile branch in the 1st quarter of 2015 appeared to be quite good. In the case of many categories of products, there were growths of production volume in comparison to the analogical period of 2014.

High growths were noted by manufacturers of: flax yarn(+38%), bed linen (+18%), as well as carpets and runners (+24%). The growth of production volume also was noted by manufacturers of cotton yarns (+23%) and cotton fabrics (+2%). Decreases were noted in case of production of fabrics from synthetic fibres (-13%) and cotton fabrics with terry coating (-10%).

In the 1st quarter of 2015, the level of investments and employment in textile branch remained on the level from last months of 2014.

According to the GCA estimates, in the 1st quarter of 2015, ca. 1,9 thousand tonnes of raw cotton materials were imported and processed – those which are used for yarn, non-wovens and hygienic-cosmetic products based on cotton

fibre. This suggests, that imports and consumption of cotton raw materials in Poland will exceed 7 thousand tonnes in 2015.

ICA – International Cotton Association

Since the last Board meeting, the Secretariat has been working with the Hill Dickinson (Solicitors) who were retained to assist with reviewing the corporate governance structures of the Mutual. This was due to the next stage of the creation of the Mutual being to construct the corporate governance structure, which the attached Documents have effectively done. The Documents are based on similar Mutual organisations operating in non-Commodities sectors. The detailed legal review has confirmed that there are no legal issues with the corporate governance structure, under English law.

The Mutual has also successfully taken the following “next steps”:

- The registration of the Mutual under the name of the “International Cotton Association Mutual” (“ICAM Ltd”) as a Company limited by guarantee with subscribers, with the English Companies House (CH) and lodging the Articles of Association with CH;
- The Mutual will “go live” after the composition of the Board of ICAM Ltd has been formally agreed by the ICA Directors in July 2015. Since the Mutual will start at a small level, a smaller Board with the potential to grow would seem appropriate. For example the Mutual Board which will consist of:-
 - ICA appointee (Chairman)
 - ICA Appointee
 - Non-Executive Director (Mutual experience)
 - Non-Executive Director (Finance & Investment experience)
 - Non-Executive Director (Lawyer)
 - CEO – ICA Managing Director
 - Company Secretary – ICA Head of Arbitration

The Mutual will then be open for business!

IME – Izmir Mercantile Exchange

(No update)

JCTA – Japan Cotton Traders’ Association

April imports

Cotton imports into Japan during April were 5,083 tons, down from 6,103 tons in March. The principal source was the United States which supplied 2,836 tons. The August/April total decreased to 44,708 tons-5 percent less than during the corresponding period a year earlier. The main sources of supply were the U.S. (18,860 tons), Australia (8,170 tons), Brazil (7,157 tons) and Greece (3,921 tons).

JCTA Joined the ICA

In June, the Japan Cotton Traders’ Association (JCTA) became an ICA Affiliated Association members. JCTA is delighted to formalize its relationship with ICA. We look forward to working more closely with the ICA and its members.

Representatives of ICA’s visit to Osaka

ICA President, Jordan Lee and Managing Director, Kai Hughes visited to Osaka on June 15 and made a PowerPoint presentation about the state of affairs at the ICA such as the number of ongoing arbitrations now and over the last few years.

KCA – Karachi Cotton Association

(No update)
