

# **CICCA Update by Member Associations**



Issue 7 – 18 October 2016

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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 \(Australia\)](#), [ACSA \(USA\)](#), [AFCOT](#), [ALCOTEXA](#), [CCA](#), [GCA](#), [ICA](#) and [JCTA](#).

## **ACA - Association Cotonnière Africaine**

(No update)

## **ACSA – American Cotton Shippers Association**

The 18 month long Turkish Anti-Dumping investigation launched against US Cotton finally reached a conclusion on April 17, 2016. The result issued by the Turkish Ministry of Economy authority concluded in their final determination that a 3% margin or duty be levied upon several ACSA member companies and major US marketing cooperatives. ACSA, AMCOT and the National Cotton Council agreed that the timing and political landscape between the two countries did not present the US trade the best of situations to contemplate an appeal of the MoE’s decision. If the case were to be appealed through the WTO by the US Government on behalf of the US industry the expense would be borne by ACSA/NCC as legal counsel for both organizations would be responsible for drafting such an argument for appeal. Also the timing of the US Presidential election would provide a very narrow and small window of opportunity to create the appeal background and argument required. USG agencies such as USTR and the US Department of Commerce tend to go dormant leading up to a Presidential election with a new administration coming into office. Appealing within the Turkish court system was never a strong possibility due to mainly the time frame of how long such an appeal could have taken (3-6 yrs). There also was the possibility of a CVD case being filed by the Turkish government if we had pursued an appeal. Exports of US cotton have continued since the implementation of the 3% margin and ACSA will continue to monitor the situation in regard to any major changes in exports of US cotton to the Turkish market.

Prices for producers in the US have strengthen somewhat for cotton but are still below what some consider not an attractive level compared to the price of production for cotton. Although acreage indications for 2017 point to some increases in certain regions of the US cotton belt. We have seen prices break through the 70 cent range a few weeks back and soybean and corn prices have fallen

compared to the past few years of higher prices which helps cotton in the planting decisions of US producers.

## **ACSA – Australian Cotton Shippers Association**

2016 has been a protracted season and at the time of writing, some cotton in the southern growing areas remains unginning. The finish of harvest and ginning in the production areas south of the Macquarie Valley has been difficult as higher than average winter rainfall was experienced in August. This will probably delay cessation of ginning until October or November 2016.

The final crop number is anticipated to be around 2.68 million bales. End-season official quality statistics have not yet been compiled but overall Australia had a good season with 75% of the crop being graded 21-3 and better.

2017 is shaping up to be a bumper of a crop with forecasts at this time exceeding 4 million bales. This is due to a combination of factors of great winter rainfall in catchment areas, providing for excellent water availability and local cotton prices faring better than competing grains crops.

With good continued rainfall, there will also be significant planting of dryland cotton and forecasts estimate dryland production of close to 200,000 hectares.

Two Australian classing facilities have recently been certified by ICA Bremen.

Australia continues with its Best Management Practices program ensuring best practices at all stages of cotton production including post farm gate processes such as ginning, classing and warehousing and is involved in the Better Cotton Initiative and Cotton Leads programs.

ACSA Members held seminars in Bangladesh, Indonesia and Thailand this past year, promoting Australian cotton and will embark on further export market development activities in 2017.

## **AFCOT – Association Française Cotonnière**

For its 126th anniversary AFCOT has held its annual cotton dinner in Barcelona (Spain) on October 7th.

More than 370 attended the event. The morning conferences saw three presenters.

After a welcome speech from the president of CAN, Mr Alberto Durban, Mr Dimas Rizzo, president of the Spanish Ginner Association made a complete review of the Spanish cotton sector.

The second part saw the presentation of Mrs Annick Gouba-Guibal and Fabio Berti on the support programme for the consolidation of the action framework under the European Union – Africa partnership.

The final speaker was Mr Marck Rueegg of the Swiss company Celsius Pro. Celsius Pro provides the full value chain from risk analysis, product design, pricing, risk transfer, reporting to settlement.

The day ended with the traditional gala dinner. During his speech, president Georges Toby delivered a message of optimism, reminding that for the years to come, consumption should exceed production.

Next year event will take place in Deauville, France.

AFCOT is finalising a cotton magazine. It will include articles from cotton professionals and more. It will be distributed to its members, other cotton professionals, and to all CICCAs members.

### **ALCOTEXA - Alexandria Cotton Exporters' Association**

	<b>Commitments (Tons)</b>	<b>Shipped (Tons)</b>	<b>Value (\$)</b>
<b>1st Quarter</b>	6,612.70	2,866.50	15,803,427
<b>2nd Quarter</b>	12,677.50	7,527	34,401,945
<b>3rd Quarter</b>	6,929	7,922.50	18,291,534
<b>4th Quarter</b>	7,079	12,943.40	18,045,698
<b>Total</b>	<b>33,298.20</b>	<b>31,259.40</b>	<b>86,542,604</b>

### **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**

Cotton production in China in 2015/16 season has declined to 4.82 million tons, 25.9% less than the past season and the lowest record since 2003, according to CCA statistics. Xinjiang experienced

a rather moderate decrease, while production in inland Yellow River and Yangtze cotton regions shrank significantly.

Acreage survey conducted by CCA indicates the continued down trend in national cotton planted in 2016/17 season. It is estimated that the total output in 2016 is 4.64 million tons, 3.7% less than 2015. In Xinjiang, the number would be 3.66 million tons, a slight decrease of 2.4%, while in Yellow River and Yangtze regions the decline would be 17.3% and 26.6% separately.

Cotton import for 2015 season totalled 960,300 tonnes, a notable 42.5% decrease compared with last season. The reserve cotton auction of the past season (from September, 2015 to August, 2016) totalled 2.65 million tons.

The small quantity of newly picked cotton distinguished better quality from cotton in Xinjiang and Yellow River region to that in Yangtze region, due to the severe flood of the South in summer. The seed cotton buying price is also higher than the corresponding time last year.

## **FITMI - Federazione Imprese Tessili e Moda Italiane**

(No update)

## **GCA – Gdynia Cotton Association**

### **Polish Textile Branch in the first half of 2016**

Central Statistical Office data for January – July 2016 show that the Polish textile industry noted drops in manufacture of the majority of categories of products. Among the most important categories of textiles, increase of production, when compared to the same period of 2015, were noted only in the case of flax yarn 2837 tonnes (+9.7%), bed linen 11.051 mln pieces. (+3%) and fitted carpets 978 thou. m<sup>2</sup> (+12.3%).

Decrease of production was noted by manufacturers of other categories of products, whereas the greatest one was in manufacture of pile fabrics (towels, terry fabrics) 4595 thou. m<sup>2</sup> (-45.6%) and cotton fabrics 4774 tys m<sup>2</sup> (-11%).

In the first half of 2016, a huge increase (+18,6%) took place in the value of production sold, in the Polish textile branch, when compared to the same period of 2015.

In the first half of 2016, the value of investments in Polish textile industry also increased impressively – by as much as 29%.

Data from the Central Statistical Office show that the average employment (companies employing 9 or more persons) in production of textiles is stable and at the end of September 2016 it was 46 thousand.

According to the GCA estimates, in 2016, ca. 7,0 thousand tonnes of raw cotton materials will be 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 not exceed 7 thousand tonnes in the cotton season 2016/2017.

## **ICA – International Cotton Association**

### **ICA Mutual**

From 1st September 2016 the Mutual has been open for business.

What is ICA Mutual?

ICA Mutual (International Cotton Association Mutual Ltd) is an independent discretionary mutual created to fund the enforcement of ICA arbitration awards.

Who is it for and how much does it cost?

Any ICA member company trading in the cotton industry who may have to enforce ICA arbitration awards, anywhere in the world. ICA Mutual is run by people who have experience in the cotton trade and in enforcing arbitration awards. The cost of ICA Mutual membership is based on the amount of cotton you trade – just 1 US cent point per pound. It works on the logic that the more you trade, the more contracts you have and the more chances there is for something to go wrong (leading to an arbitration, gaining an award and enforcing it). The cost is charged annually using the midpoint of your tonnage band multiplied by 25 US cents per tonne.

For more information, see the ICA Mutual website: <http://www.icam-ltd.org/>

### **Traceability**

ICA Bremen's advanced traceability technology continues to attract a wide range of attention, particularly from the world textile retail sector.

Its traceability solution – FibreTrace - uses nanoparticles encased in cellulosic fibre, implants multiple signatures, and detects them using a miniature portable scanner. Multiple signatures provide an advantage of detecting various parameters including retailer brand, country of origin, cotton type, grower, and grower. A distinctive key feature is that this method gives a quantitative result with high precision. To summarise, FibreTrace has features of rapid detection, proven accuracy, easy installation, unaffected by processing, better economy, complete information and reliable resource - FibreTrace is regarded the best traceability product on the market.

### **Next year's Annual Event**

The 2017 ICA Annual Trade Event will be held in Singapore, the date of which is yet to be decided.

## **IME – Izmir Mercantile Exchange**

(No update)

## **JCTA – Japan Cotton Traders' Association**

JCTA announced during their May 31, 2016 General Meeting the election of officers.

Mr Hanshichi Toyoshima, President of Toyoshima & Co., Ltd., in Nagoya, Japan has been re-elected as President of the Association.

Mr Kenichi (Ken) Yamaoka has also been re-elected as President of the Association.

## **Raw Cotton Imports into Japan in 2015/16**

Cotton imports into Japan in 2015/16 totalled 299,445 bales (65,196 MT), up 4% from 288,953 bales (62,912 MT) in 2014/15. Despite continued reduction of spinning equipment, imports increase for 2015/16 are largely attributable to relatively stable world cotton prices, an expansion of cotton ratio for spinning coarse count yarn against strong demand for denim, and resurgence of Japanese Yen in the first half of 2016.

The main sources of supply were the United States, followed by Greece, Australia and Brazil. These top four countries accounted for 89% of total imports in 2015/16. The largest increase was Greek cotton for spinning coarse count yarn which amounted to 58,279 bales (12,689 MT), up 43% from a year earlier. This increase is attributed mainly to low short fiber content and high spinnability of Greek cotton.

## **KCA – Karachi Cotton Association**

(No update)

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