

Quarterly Update by Member Associations



Issue 1 – 14 June 2013

Welcome to the first issue of 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:

ALCOTEXA, BBB, BCA, CAN, CCA, FITMI, GCA, ICA, IME.

ACA - Association Cotonnière Africaine

(no update)

ACSA – American Cotton Shippers Association

(no update)

ACSA – Australian Cotton Shippers Association

(no update)

AFCOT – Association Française Cotonnière

(no update)

ALCOTEXA - Alexandria Cotton Exporters’ Association

	Commitments Tons	Shipped Tons	Value \$
1st Quarter	15,466	6,924	44,014,514
2nd Quarter	26,924	17,287	78,298,414
Total	42,390	24,211	122,312,928
11/12 Season	58,241	33,011	185,147,086

BBB – Bremer Baumwollbörse

Raw Cotton Imports 2012 about 43,500 tons.

One technical Arbitration Appeal completed.

One application for technical Arbitration was received.

BBM – Bolsa Brasileira de Mercadorias

(no update)

BCA – Belgian Cotton Association

End of March we had a meeting with the Embassy from Uzbekistan in Brussels on the issue of alleged child labour impacting the European spinning mills in their commercial relations with customers.

A new meeting is scheduled for the near future: the idea would be to go this time with a delegation from CICC and ICAC. The Chairman Manu Taevernier would represent CICC if appropriate.

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

(no update)

CAI – Cotton Association of India

(no update)

CAN - Centro Algodonero Nacional

The final production of the 2012/13 crop, has finally been of 65,500TN, higher compared to the figures published by Cotton Outlook of 60,000. We foresee a reduction on the planted surface of less than 10%, with yields in the same range as previous season, as up to now water supply is fully guaranteed. On the consumption side, a slight increase can be expected if yarn prices are well maintained and in the range of the 12,000 Tons, plus.

Therefore, exports should be kept in the range of 80% on total output.

CCA – China Cotton Association

Cotton reserve

By the end of March, 2012/13 reserve purchase closed with 6.5 million ton, about 90% of the seasonal yield. At the same time, reserve cotton release started since January, and the first quarter trade reached 1.01 million tons. In March, operation rate of mills improved, and the cotton demand increased accordingly, reserve release trade augmented largely over the month, with steady price, though the released cotton variety impeded the trading rate.

On 8th April, 2013 season cotton temporary reserve purchase plan was announced by seven government departments, ensuring the reserve price of 20,400 Yuan per ton for standard lint, the quality requirement would follow new cotton national standard. The release of the reserve purchase plan encouraged cotton planting in some degree.

Import

Reserve cotton release increased new season cotton and import cotton volume in April, which improved the trading rate, relieving the situation of insufficient high grade cotton for mills, and import volume declined over the month with slightly higher price. The issue of sliding duties reduced the full duty import to less than half of the monthly import. General trade and import from bonded zones still dominate. U.S. restored the top sourcing country, instead of India; these two sources accounted for about 70% of the import. Qingdao, Nanjing and Shanghai are the main destination ports, Beijing, Jiangsu and Shandong are the major importers.

According to Customs, import cotton in April was 430,900 tons, 97,900 tons less than last month, down by 18.5%, while 15.5% down Y/Y; the average import price was 1,942 USD per ton, 60 USD up over the month, 18.4% up Y/Y. The cumulative total of the first 8 months in 2012/13 season was 3,167,000 tons, 15.6% down Y/Y; the first four months import of 2013 was 1,796,000 tons, 13.5% down Y/Y.

Conference

The 2013 China International Cotton Conference (CICC) was held on 6 – 7 June 2013 in Qingdao. Organised by China Cotton Association (CCA), Research Centre for Rural Economy (RCRE) of MOA and China National Cotton Exchange (CNCE), the conference's theme was 'Confidence, Transformation and Win-win Growth'.

FITMI - Federazione Imprese Tessili e Moda Italiane

Some changes in the Italian Legislation on Privacy, with regards to legal persons, now allows the Italian Textile Association, if required, to confirm the existence of an award.

As a consequence, two Companies not honoring Milan arbitrations in 2011 and 2012 have been listed in the CICC Default List. This is a very important news to protect contracts' sanctity also in the Italian market under Milan R/A.

There have been few enquiries or sales of cotton in the first two months as many spinners believed that raw cotton prices had risen excessively, the main reason being the relatively poor performance of the yarns market. Only integrated mills have covered longer, all the others buying hand to mouth.

While writing this update memo, we understand that yarns demand is improving, however being cotton prices still very high and yarns quotations following at a lower pace, the cotton buying continues to be very selective.

GCA – Gdynia Cotton Association

Data collected by the Gdynia Cotton Association from cotton processing and importing companies show that in 2012, ca. 7000 tonnes of cotton raw materials were imported and processed in Poland.

Last year, consumption and imports of these raw materials was at the level lower by ca.6% than in 2011.

Consumption, Imports, Stocks of Cotton and Cotton Wastes in Poland, in 2010-2011, <i>in Tones</i>	2011	2012 Est.
CONSUMPTION	7,505	7,050
IMPORTS	7,417	6,900

The current volume of raw cotton stocks maintained in Polish industry is very low - ca. 150-200 tones.

The traditional directions of the raw cotton imports to Poland did not change. As in the previous years, the majority of cotton processed in Poland came from Central Asia (Uzbekistan, Tajikistan, and Kazakhstan), from Turkey, Pakistan, and West Africa.

Decrease of overall cotton raw material processing is due to an over 16% decrease of cotton yarn manufacture. Production of cosmetic articles, sanitary products, non-wovens, and textile pads based on cotton materials was stable or slightly rising.

A part of textiles' and apparel production was relocated from Poland to China and to other countries of very low production costs. Hence, percentage drops in many categories were reaching even several dozen, annually. Production of main cotton textiles and cloth categories has been based on imported fabrics or yarns. Cotton yarn imports in 2012 were about 27 thousand tonnes.

Data from the Central Statistical Office say that in 2012 when compared to 2011, big drops were noted in manufacture of production: cotton yarn (-16%), cotton fabrics (-35%), coated fabrics, terry towels (-18%) and bed-linen (-12%).

ICA – International Cotton Association

From the beginning of this year to 20 May, the ICA has received 42 arbitration applications. Based on this figure, a simple projection for this year's total will be about 110, comparing with an annual total of 242 in 2011 and 247 in 2012.

Arbitrators' training and the arbitration procedure continue to be improved. To date (22 May 2013), there are 39 qualified arbitrators - who have passed Modules 1 and 2 of the advanced level of arbitrators exam. More exams will take place in the future. In addition, there will now be a pool of 10 chairmen responsible for the conduct of arbitrations and appeals and for the mentoring of new arbitrators. These chairmen will also be responsible for writing all the arbitration awards.

To promote a safer trading environment and reduce the number of defaulters, the ICA has introduced a new web based facility to enable you to check the trading status of a firm and help you make 'safe' trading choices. Exclusive to ICA members, the Safe Trading Zone provides an instant, online search facility that is automatically linked to our default list, advisory notice list and membership database, making it quicker and easier for you to check the status of a firm.

The next trading course 'Managing Risk in a Volatile World' will be held on 3 - 4 September 2013 in Dubai covering futures & options, trading plans and business strategies.

Themed 'Stronger Together', this year's annual trade event is taking place on 24 - 25 October 2013 at the Hilton Hotel and St George's Hall in Liverpool, UK.

IME – Izmir Mercantile Exchange

In 2011/12 season, due to the decrease of the cotton prices since March, which month the farmers decide for planting area of cotton in Turkey, and continuation of the downtrend in the prices particularly in April and May, have caused a decrease in the cotton areas in 2012/13. The Turkish producers, who are struggling against particularly high cost and steadily increasing fuel prices, negatively affected by these price decreases.

In comparison to the beginning of the season, approximately 20 % of decrease in the prices was observed within the months of April & May. Moreover, generally cotton prices kept a trend lower than the international prices. As a consequence of this, the production of Turkey in the season of 2012/13 is expecting 600 thousand tons with an approximate decrease of 25%. As per a study carried out by Izmir Commodity Exchange, a decrease of 21.4% and amount of 130 thousand tons were determined for the Aegean Region.

In the current production period, due to the narrowing of planting areas, cotton prices were supposed to increase. However, in recent months, prices on the rise again.

Because of the orders of the textile industry, cotton prices increased in the international markets in January and February. As a result, domestic prices have increased in Turkey. According to the beginning of the season, cotton prices rose by approximately 6.5% in February.

"Better Cotton Initiative" (BCI), which gave a new direction to cotton production standards, gave momentum to the activities in Turkey. In addition to GMO FREE specification, Turkish cotton will gain a considerable marketing advantage if "Better Cotton" certificate is also obtained.

JCTA – Japan Cotton Traders' Association

(no update)

KCA – Karachi Cotton Association

(no update)
