

# CICCA Update by Member Organisations



Issue 14 – 8 October 2019

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Welcome to this Update, keeping you informed of the new developments at the Member Organisations 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](#), [ACSA USA](#), [ALCOTEXA](#), [APPA](#), [BBB](#), [BBM](#), [CCA](#), [Cotton SA](#), [GCA](#), [ICA](#), [ICE](#), [JCTA](#).

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

Cotton Harvest is in full swing in the US with early indications of high yields and quality. Current conditions and long term forecasts indicate conditions that should allow for timely harvest with the potential for excellent colour grades.

No issue has more impact on our global market and supply chain currently than the continued trade tension and tariffs between the United States and China. The suspension of significant cotton trade between the US and China has caused significant decline in cotton futures prices. Unfortunately, this downturn in the market has stimulated tremendous volumes of non-performance on cotton that was forward contracted for pre-tariff price levels.

Recently, ACSA joined with ANEA and The Australian Cotton Shippers Association to solicit help from CCA to collectively hold members accountable to contract sanctity. We are collectively appreciative of CCA’s support to maintain industry partnerships during these difficult times.

In addition to trade and default mitigation, ACSA has been focused on implementation of new US Cotton Flow Rules, which will create more transparency, efficiency, and supply chain velocity for the exportation of US Cotton.

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

The 2019 ginning season is now complete with crop size coming in at approximately 2.2 million bales. While the vast majority of this cotton has been sold it is disappointing to note that the export shipment pace remains extremely slow, in particular to our main destination of China.

Quality of the 2019 crop was excellent with 98.25% classing 31-3 and better, of which 72% was 21-3 and better. Other quality specifications revealed that 90% was 37 staple and longer while the same percentage was also G5 micronaire.

Prospects for the 2020 crop remain extremely poor as the peak planting period approaches. Currently in one of the worst droughts the country has ever seen production is forecast to be less than 1 million bales at around 850 to 900,000 bales.

### **AFCOT – Association Française Cotonnière**

(No update)

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

	<b>Commitments (Tons)</b>	<b>Shipped (Tons)</b>	<b>Value (\$)</b>
<b>1<sup>st</sup> Quarter</b>	35,396.80	8,267.50	89,961,222
<b>2<sup>nd</sup> Quarter</b>	36,118.60	28,163.80	89,015,658
<b>3<sup>rd</sup> Quarter</b>	12,837.93	28,440.31	32,515,609
<b>4<sup>th</sup> Quarter</b>	4,344.50	21,197.52	11,440,044
<b>Total</b>	<b>88,697.83</b>	<b>86,069.13</b>	<b>222,932,533</b>

### **APPA – Asociación para la promoción de la Producción Algodonera**

The cotton sowed area in Argentina during 2018/19 was 396,000 hectares with significant reductions in some regions due to environmental limitations caused by water excess during the critical phenological stages of the crop.

The cotton area in the province of Santa Fe has experienced an increase in the current season of 18% over the previous one, being this one about 98,000 hectares.

During the decade from 2010 to 2019, Santa Fe contributed between 13 and 28% of the national area, with an average of 22%, being 23% for the current season.

The average lost area of the province was about 38%. In the western region of the province, there was a loss of 55% due to prolonged flooding or waterlogging.

In the current season, it is recorded that the area under zero tillage was about 51% as well as other sustainable agronomical practices implemented.

The average yield obtained in the province of Santa Fe was 1,795 kg/ha of raw cotton in the 2018/19 season with an average fibre yield of 30%. Some commercial fibre parameters were negatively affected.

## **BBB – Bremer Baumwollbörse**

Basic needs of spinning mills in Germany and neighbouring countries are covered. Spinners buy carefully and sometimes try to shift deliveries. No other distortions of contract performance were reported and there is no official BBB technical or quality arbitration for claim settlement.

## **BBM – Bolsa Brasileira de Mercadorias**

Brazilian 18/19 production has increased by 31% in comparison to last year crop with the official forecast number at 2,830,123 metric tons (although some private estimates are pointing to a number closer to 3.0 million tons).

<b>STATE</b>	<b>ACREAGE (HA)</b>	<b>PRODUCTION FORECAST (TONS)</b>	<b>YIELD (LINT KGS/HA)</b>
BAHIA	331,028	625,643	1,890
GOIAS	42,397	70,686	1,667
MARANHAO	27,656	47,507	1,718
MINAS GERAIS	42,772	75,100	1,756
MATO GROSSO DO SUL	37,994	68,047	1,791
MATO GROSSO	1,115,435	1,882,738	1,688
PIAUI	16,659	29,228	1,764
PARANA	650	780	1,200
SÃO PAULO	15,170	24,120	1,590
TOCANTINS	3,400	6,273	1,845
TOTAL	1,633,071	2,830,123	1,733

Source - ABRAPA

## **BCA – Belgian Cotton Association**

(No update)

## **CAI – Cotton Association of India**

(No update)

## **CAN - Centro Algodonero Nacional**

(No update)

## CCA – China Cotton Association

### 2018/19 Cotton Season:

According CCA, annual consumption of 2018 season is 8.07 million tons, 5.6% down Y/Y; cotton production is 6.11 million tons, 1.05% up Y/Y; the import cotton for the first 11 months is 1.94 million tons, 67% up Y/Y.

### 2019/20 Cotton Season:

According to CCA, the national cotton production projection is 6.09 million tons, 0.31% down Y/Y. Xinjiang production is 5.23 million tons, 1.7% up Y/Y. And the large scale harvest in Xinjiang started from late September. Yellow River region cotton yield is 467,000 tons, 9.84% down Y/Y; Yangtze River region is 361,000 tons, 11.34% down Y/Y.

### Textile:

The downstream demand of textile market decreased and mills aim to reduce stock. According to Customs, the export value of textile and apparel from Jan. to Aug. is 177.44 billion USD, 2% down Y/Y, among which textile export is 79.4 billion USD. 1% up Y/Y, apparel export is 98.04 billion USD, 4.3% down Y/Y.

### Domestic Price:

Since May, domestic cotton price slumped due to China & US trade conflict. By the end of August, CC Index 3128B was 12,985 Yuan/ton, 1,082 Yuan less over the month, the monthly average price is 13,534 Yuan/ton, 616 Yuan less over the month, and 2,747 Yuan down over last August.

## Cotton SA

SA COTTON CROP ESTIMATE							
COTTON CROP REPORT - 8th ESTIMATE 2018/19 PRODUCTION YEAR							31/08/2019
PRODUCTION REGION	HECTARES IRRIGATION	HECTARES DRYLAND	YIELD		PRODUCTION 200 kg bales cotton lint	% OF CROP	
			IRRIGATION kg seed cotton/ha	DRYLAND kg seed cotton/ha		HAND PICKED	GINNED SO FAR
<b>LIMPOPO PROV.</b>							
Loskop	4487	0	4500	0	36345	0%	21%
North & South Flats	1236	11875	3000	700	21637	0%	21%
Koedoeskop/Dwaalboom/Thabaz.	7720	0	5699	0	81393	0%	50%
Limpopo Other	385	142	3500	400	2528	0%	21%
Weipe	1100	0	3500	0	7123	0%	80%
<b>NORTHERN CAPE</b>							
Vaalharts	2333	0	4580	0	19768	0%	84%
Lower Orange River	364	0	4000	0	2694	0%	40%
Rest of Northern Cape	4065	0	4858	0	38313	0%	54%
<b>NORTH WEST</b>							
Stella/Delareyville/Schweizer/etc	628	3578	4349	2008	18346	0%	60%
Taung/Skuinsdrif	388	0	4489	0	3222	0%	45%
<b>KWAZULU-NATAL</b>	736	1989	3335	534	6627	13%	58%
<b>MPUMALANGA</b>	10	2441	4648	835	3857	100%	21%
<b>FREE STATE</b>	50	800	3500	1600	2692	0%	40%
<b>RSA TOTAL</b>	<b>23502</b>	<b>20825</b>	<b>4810</b>	<b>957</b>	<b>244543</b>	<b>2%</b>	<b>45%</b>
Swaziland*	250	1500	4000	750	3825	100%	60%
Botswana*	0	0	0	0	0		
Namibia*	50	0	0	0	370		0%
Zimbabwe*	0	0	0	0	0		
Mozambique*	0	0	0	0	0		
<b>GRAND TOTAL</b>	<b>23802</b>	<b>22325</b>	<b>4802</b>	<b>943</b>	<b>248738</b>	<b>3%</b>	<b>45%</b>

\* Particulars relate to expected purchases of seed cotton by RSA & Swaziland ginnerers from these countries.

## SA COTTON SITUATION AS AT 31 JULY 2019

2019/20 MARKETING SEASON (April to March)				
GINNERS SITUATION*				
	JULY 2019 (TON)	% +/- **	SEASON CUMULATIVE TOTAL (TON)	% +/- **
<b>SEED COTTON:</b>				
OPENING STOCK	21994	-33%	14378	-
<b>PLUS RECEIVED:</b>	20675	26%	52322	-15%
- RSA SEED COTTON	20500		51828	
- SWAZILAND SEED COTTON	175		494	
- OTHER SEED COTTON	0		0	
<b>LESS GINNED</b>	12997	56%	37028	79%
STOCK ADJUSTMENTS	0		0	
CLOSING STOCK	29672	-27%	29672	-27%
<b>COTTON LINT:</b>				
OPENING STOCK	5432	39%	2856	982%
<b>PLUS PRODUCED</b>	4937	53%	13846	71%
<b>LESS SOLD</b>	3875	21%	10208	130%
STOCK ADJUSTMENTS	0		0	
CLOSING STOCK	6494	66%	6494	66%
<b>SPINNERS SITUATION*</b>				
	JULY 2019 (TON)	% +/- **	SEASON CUMULATIVE TOTAL (TON)	% +/- **
<b>COTTON LINT:</b>				
OPENING STOCK	2350	-1%	2815	-1%
<b>PLUS RECEIVED:</b>	1597	14%	6158	8%
- FROM LOCAL GINNERS	407		2156	
- ZIMBABWE IMPORTS	420		1236	
- ZAMBIA IMPORTS	770		2703	
- OTHER IMPORTS	0		63	
<b>LESS CONSUMPTION</b>	1583	-7%	6619	2%
STOCK ADJUSTMENTS	0		0	
CLOSING STOCK	2354	14%	2354	14%

SOURCE: Ginnery and spinners' monthly statutory returns

\* Includes Swaziland

\*\* Percentage increase or decrease over the same period of the previous season

## GCA – Gdynia Cotton Association

### POLISH TEXTILE-CLOTHING SECTOR IN 2019

#### PRODUCTION VOLUME

Among the ten most important textile categories, within 7 months of 2019, the quantitative increase of the production volume, when compared with the same period of 2018, was noted only in the case of 3 of them. Production increase was reached by carpets manufacturers (+4.1%), runners (+7%), and textile packings (+13.2%).

In the case of 7 other categories, the production dropped – most severely – of cotton yarn, the manufacture of which is vanishing in Poland, and of bed linens (-16.5%).

As distribution of single-use foil packings in Poland has been restricted, a dynamic increase of reusable textile packings has taken place in Poland (in majority – those made from cotton). Within last two years, this production has doubled.

Among the twelve most important clothing categories, within 7 months of 2019, the increase of the production volume, when compared with the same period of 2018, was noted only in the case of 2 of them – ladies' trousers (+14.9%) and ladies' suits (+2.4%). Drops in manufacture of 10 other categories of clothes were noted. The greatest ones – in men's shirts (-37.9%), and men's jackets (-22.3%).

#### PRODUCTION SOLD

In spite of smaller production volume of some of the textile categories, the first half of 2019 brought the 7.7% increase of the value of the production sold by the Polish textile industry – when compared with the same period of 2018.

The value of production sold by the Polish clothing industry dropped by 1%, when compared with the same period of 2018.

<b>TEXTILES – PRODUCTION SOLD</b>		
CURRENT PRICES		
I-VI 2018	I-VI 2019	change
PLN <b>7150.4</b> mln	PLN <b>7703.5</b> mln	<b>+7.7 %</b>

<b>CLOTHES – PRODUCTION SOLD</b>		
CURRENT PRICES		
I-VI 2018	I-VI 2019	change
PLN <b>3797.6</b> mln	PLN <b>3760.5</b> mln	<b>-1.0 %</b>

AVERAGE EXCHANGE RATE NBP I-VI 2019: 1 Eur = 4,2933 PLN

Since 2010, the increase of the value of production sold has been noted in the Polish T & C sector. Within last 8 years, the production sold has risen by more than 95%, whereas in the same period, in the clothing industry, the increase of production sold has risen by 25%.

### INVESTMENT OUTLAYS

The 1st quarter of 2019 brought over 31% increase of investment outlays in the Polish textile industry, when compared with the same period of 2018. At that time, the outlays reached the level of PLN 108.3 mln. However, in the 2nd quarter of this year, the outlays were hardly PLN 69 mln. So, in the 1st half of 2019, the investment outlays in the textile industry were PLN 177.3 and they were lower by 15.8%, when compared with the 1st half of 2018.

In clothing industry, the investment outlays reached the value of PLN 35.4 mln in the 1st half of 2019 and they were lower by 12.4% when compared with the same period of 2018.

<b>TEXTILEX – INVESTMENT OUTLAYS</b>		
I-VI 2018	I-VI 2019	change
PLN <b>210.6</b> mln	<b>177.3</b> mln	<b>-15.8%</b>

CLOTHES – INVESTMENT OUTLAYS					
I-VI 2018		I-VI 2019		change	
PLN 40.4 mln		35.4 mln		-12.4%	

AVERAGE EXCHANGE RATE NBP I-VI 2019: 1 Eur = 4,2933 PLN

For 10 years, investments in the textile industry have been showing a strong increasing trend, whereas in the clothing industry, despite of rises in 2016 and in 2018, the trend is heading down.

## EMPLOYMENT

The Central Statistical Office data for 7 months of 2019 show that employment in the textile industry, in entities employing 9 or more persons, has remained on the 2018 level. At the end of July, it was 47 thousand people.

In the same period, in the clothing industry average employment decreased in April by 1 thousand and at the end of July it was 64 thousand people.

In total, in July 2019, in both industries, in entities employing 9 or more persons, there were 111 thousand employees.

## FOREIGN TRADE

Years 2005 - 2018 and data for the 1st half of 2019

Foreign trade results for the 1st half of 2019 show that the total value of textiles and clothes imports in 2019 will be close to the 2018 value.

The total value of exports in 2019 can result lower due to smaller exports of clothes in the 1st half of the year. It can also turn out that thanks to the demand for clothes which usually rises in autumn/winter season, exports of Polish apparel will speed up in the 2nd half of the year. The value of exports of Polish textiles in 2019 will probably be higher when compared with 2018.

Imports of textiles and clothing to Poland [billions EUR]					
	2016	2017	2018	change 2017/2018 2017=100%	I-VI 2019
Textiles & clothing - (from CN50 to CN63)	9.606	10.507	11.394	+8.4%	5.585
<i>including</i> - textiles	4.356	4.484	4.524	+1.0%	2.311
<i>including</i> - clothing (CN 61, 62)	5.250	6.023	6.870	+14.1%	3.274

Exports of textiles and clothing from Poland [billions EUR]					
	2016	2017	2018	change 2017/2018 2017=100%	I-VI 2019
Textiles & clothing - (from CN50 to CN63)	7.081	<b>7.579</b>	<b>8.463</b>	+11.7%	<b>3.896</b>
<i>including</i> - textiles	2.405	<b>2.642</b>	<b>2.834</b>	+7.3%	<b>1.485</b>
<i>including</i> - clothing (CN 61, 62)	4.676	<b>4.937</b>	<b>5.629</b>	+14%	<b>2.411</b>

## ICA – International Cotton Association

### Visit to Turkey

Bill Ballenden (ICA President) and Bill Kingdon (ICA Managing Director) travelled to Turkey this month to present at the Cotton USA Turkey Conference in Antalya as well as presenting at a meeting for spinners in Kahramanmaras.

### Annual trade event

Liverpool 2019 will take place on 9-10 October at the Crowne Plaza and St George's Hall, Liverpool. The event has already attracted sponsorship from 19 companies and over 550 delegates from the cotton world are expected to attend. This year's speakers include:

- Joe Nicosia (Louis Dreyfus Company)
- Baofu Yang (China National Cotton Exchange)
- Alan McClay (Better Cotton Initiative)
- Eimear McDonagh (Namoi Cotton Alliance) – Panel chair

### Women in Cotton

As an outcome of the Women in Cotton working group developed by the ICA in January, the ICA has now developed a closed LinkedIn group for any woman involved in the cotton industry. It is hoped this will provide a platform for women to network and share experiences and ideas. The group currently has 30 members.

### Professional Certificate in Commodity Management

Five students successfully completed the Professional Certificate in Commodity Management from the University of Liverpool in July. A further five students are currently studying for the Professional Certificate in Commodity Management, scheduled to complete their studies in June 2020. This is the last time the programme will be delivered.



## **Visit to China**

Following their participation at the 2019 China International Cotton Conference, an ICA delegation met many companies and organisations to discuss ICA matters. These included; Shandong Ruyi, Texhong, CNCGC, CCA, CNCE and Qingdao Daehong.

## **Arbitration on the rise**

We have noticed a sharp increase in the number of applications in comparison with the past few years. Arbitration applications received as of 24 September 2019 were 45. Comparisons with previous years were:

As of 24 September 2018 we had 21 applications, whilst by 24 September 2017 we had 26 applications and on 24 September 2016 32 applications for arbitration.

## **ICE – Izmir Commodity Exchange**

Cotton production in Turkey in the 2018/19 season stood at about 977 thousand tonnes. As the cotton prices decreased because of the trade wars between USA and China, we are a little worried about the producers might estrange from cotton production in the next season.

Izmir Commodity Exchange makes the harvest estimation studies carried out for the 2019/20 season in Aegean Region, which is one of the significant cotton production regions in Turkey. According to the results of this study, we forecast that cotton cultivation in the Aegean Region increased in a fair amount.

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

### **General Assembly of JCTA Members**

An ad hoc meeting of our association was held on July 12, 2019, and new Chairman was elected.

Mr. Hiroshi Yonenaga, Chairman.

(Mr. Kenichi Yamaoka remains as President)

### **Cotton Imports into Japan in 2018/19**

Cotton imports into Japan in 2018/19 totaled 48,300 tons, down 13 percent from 55,600 tons in 2017/18. This is mainly due to the shrinking of domestic spinning capacity due to the declining in fiber demand.

The main sources of supply were the United States, followed by Australia, Greece, and Brazil. US cotton imports used mainly for spinning medium count yarn fell by 20 percent to 21,900 tons, accounting for 45 percent of total imports and remains the largest supplier. Australian cotton decreased to 9,300 tons, down 21 percent from last season, despite having less contamination and longer staple. The decrease is due to the rather expensive prices and supply tightness. Brazilian cotton for coarse count yarn production fell to 4,900 tons, down 5 percent from a year ago, due to loss of competitiveness with the decline in the international cotton prices.

In contrast, Greek cotton used for spinning coarse count yarn continued to increase by 7 percent to 7,300 tons.

The United States, Australia, Greece and Brazil account for over 90 percent of total imports of Japan in recent years, which suggest that oligopoly is on the rise.

**KCA – Karachi Cotton Association**

(No update)

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