CICCA Update
by Member Organisations

Issue 16 – 20 October 2021

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 proactive 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, AFCOT, ALCOTEXA, APPA, BBB, BBM, CCA, Cotton SA, GCA, ICA, ICE, JCTA.

ACA – African Cotton Association

(No update)

ACSA – American Cotton Shippers Association

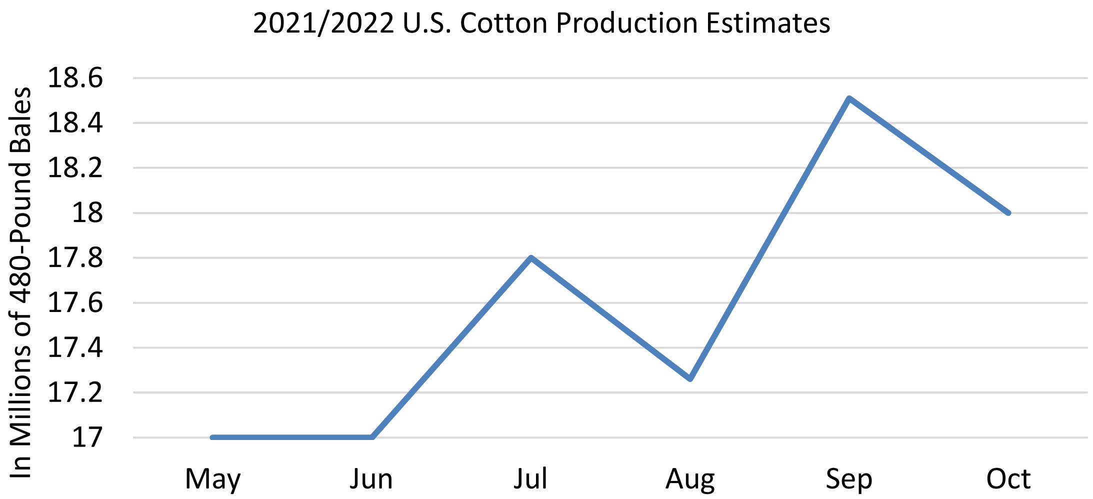
A later harvest has begun in the United States for the cotton crop, with current volume estimated at 18 million bales and trending very high in quality based on initial classing (Graphs 1, 2, & 3).

The supply chain challenges continue to mount as cargo volumes, delayed vessel arrivals, and port congestion increases (Graphs 4 & 5).

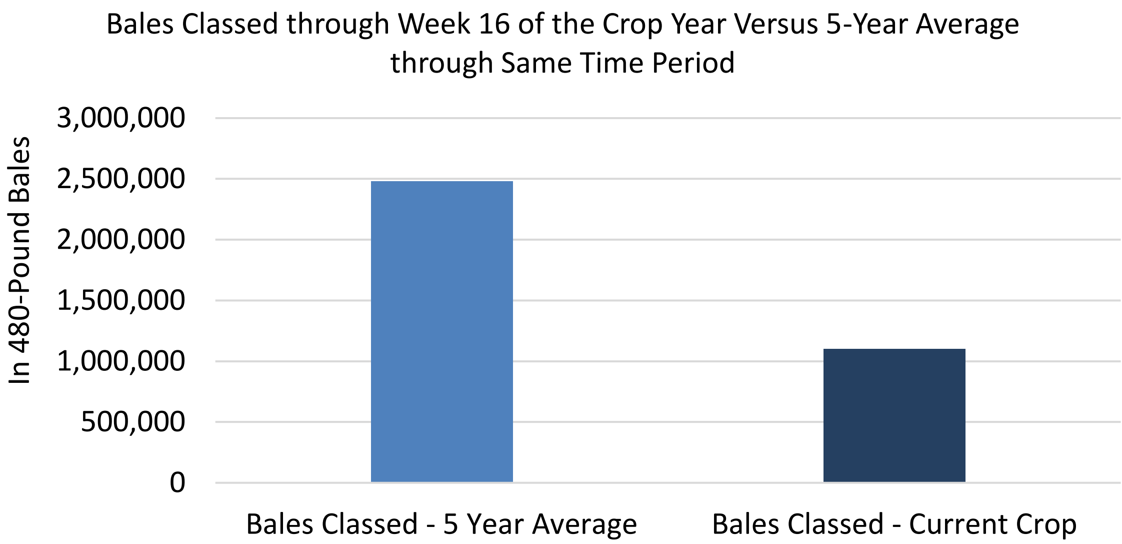
The U.S. industry is committed to enhancing efficiency to mitigate global supply chain challenges. Initiatives include modernization of interior shipping procedures, the development of enhanced visibility tools from gin to vessel, and document modernization to collectively streamline process and increase execution performance.

In recognition of end user's mandate for increased sustainability, the U.S. has increased voluntary conservation best management practices to unprecedented levels (Graphs 6 & 7).

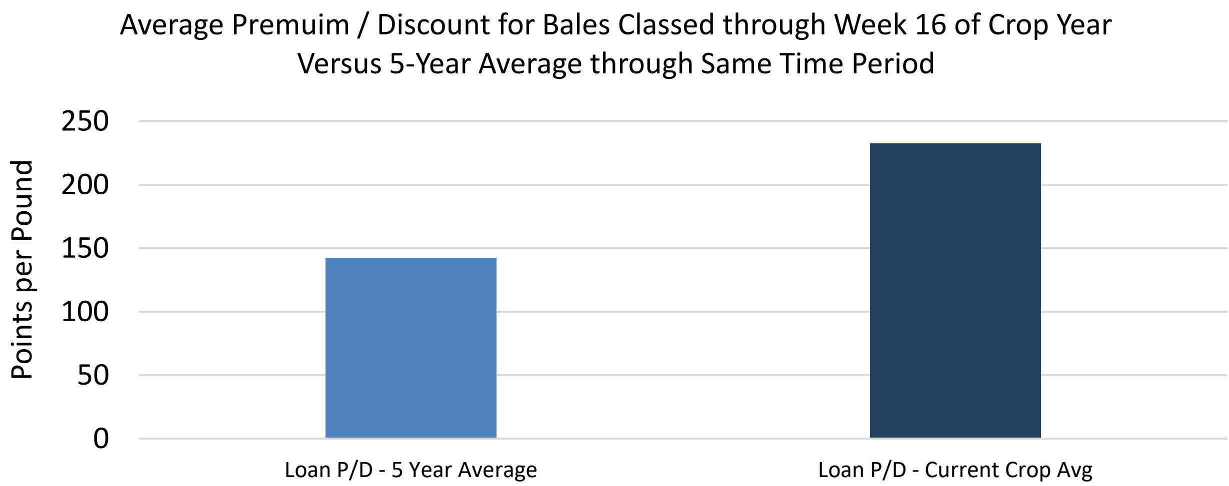
Graph 1:



Graph 2:



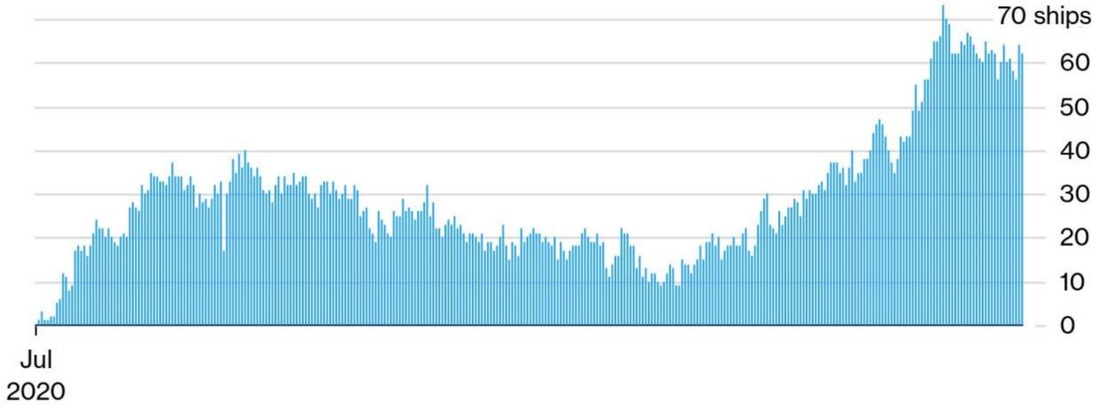
Graph 3:



Graph 4:

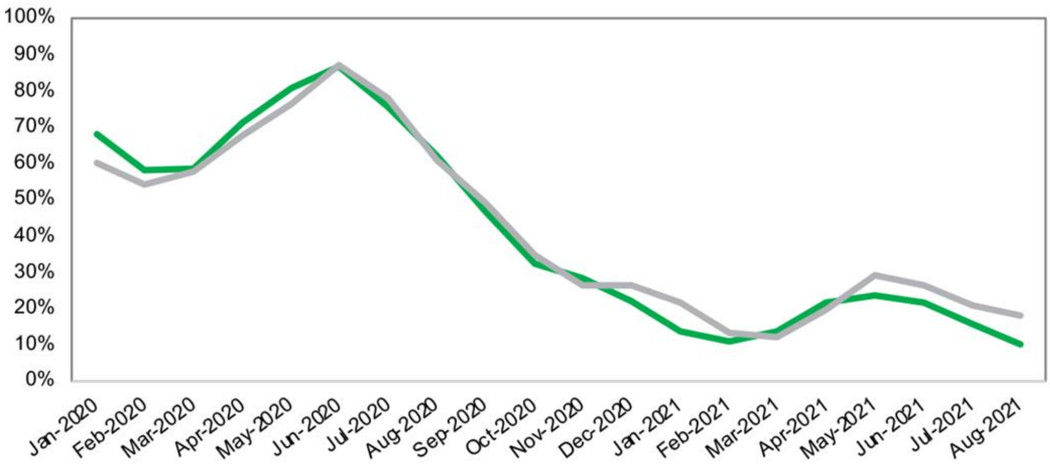
Number of Anchored Container Ships Waiting to offload at the Ports of Los Angeles & Long Beach

Source: Marine Exchange of Southern California and Vessel Traffic Service L.A./Long Beach

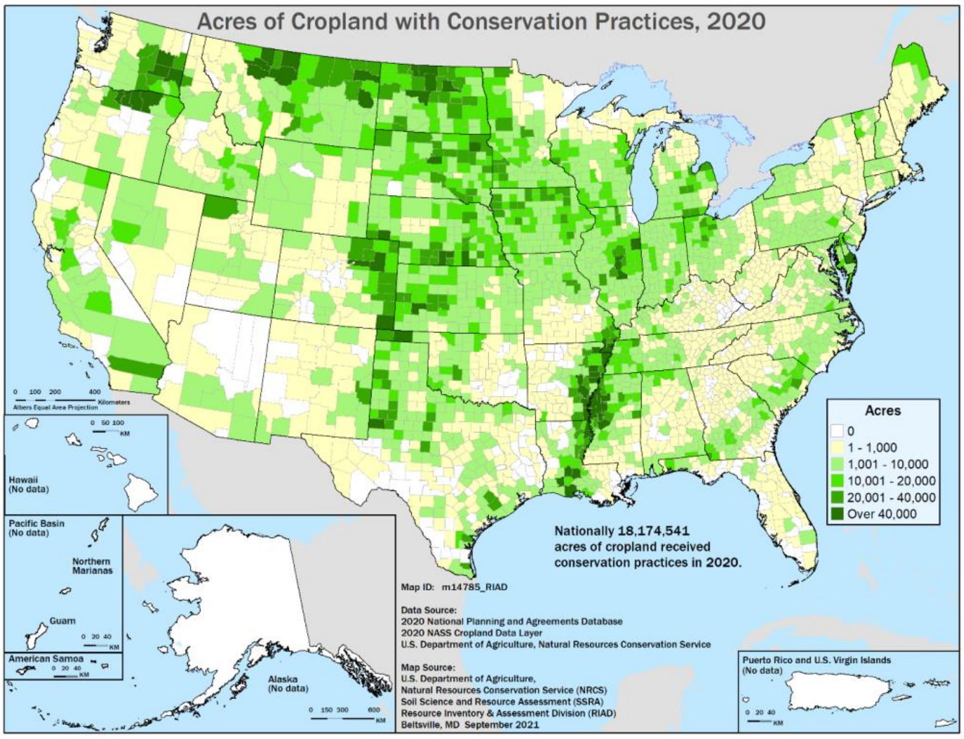


Graph 5:

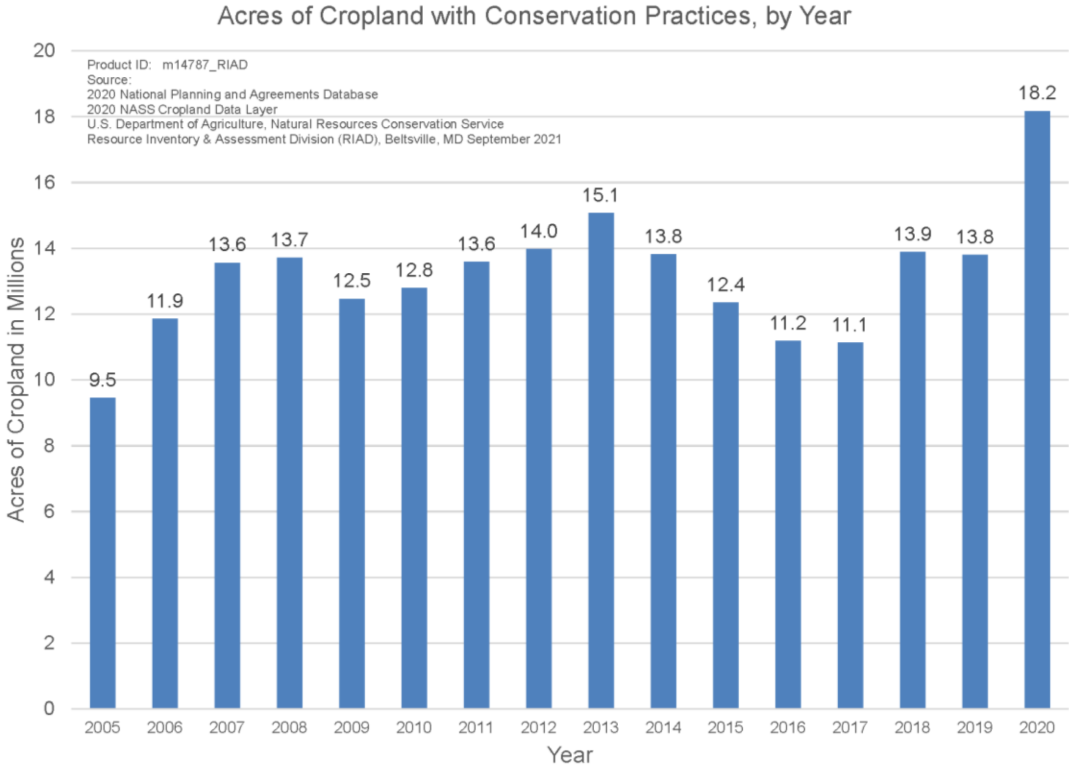
Percentage of On-Time Arrivals of Container Ships



Graph 6:



Graph 7:



ACSA – Australian Cotton Shippers Association

The 2021 Australian cotton season has been a protracted one with a late start and even later finish. Final ginning and classing of an estimated 2.8 million bale crop is expected by end October. Australian cotton merchants are experiencing the same issues as all other global exporters with a shortage of containers and vessels servicing Australia. In addition to the limited services offered, freight rates have soared by at least 300% and this has reduced the number of available markets open to Australian cotton. The Sub-Continent in particular has been a major challenge.

Looking forward to 2022, Australia has received good winter rains (and we are currently in a La Nina weather pattern). There is ample sub-soil moisture profiles and ample water supply and at the time of writing, we anticipate a crop in excess of 4.5 million bales.

With a great 2022 season to look forward to, there will certainly be challenges in selling a significantly sized crop without the China market which continues its soft ban on Australian cotton. Managing local logistics, from transport to warehousing cotton will make it interesting getting cotton to the export markets.

AFCOT – Association Française Cotonnière

Arbitration

The Executive Committee has decided to call this year, an extraordinary plenary meeting, to submit a plan to our members for amending our Association's Arbitration Clause for Commercial

Arbitration. Simplification and readability were at the heart of the work of the AFCOT Executive Committee.

Member of CICCA, AFCOT eager to promote the good trading practises and in this spirit, the Executive committee have conducted this amendment as conciliation and arbitration are alternative methods of settling conflicts.

AFCOT Forum 2021

The organization of this year's forum is in the image of the period in which we are living: out of the ordinary. AFCOT's annual event was the result of a subtle balancing act in an ever-changing environment. Last spring, within the management committee, we were unsure which modalities to adopt: face-to-face, digital or a little of both. After much reflection, it seemed to us that nothing could replace the pleasure of being together. We are pleased to announce that we have 220 people in attendance, from 30 different countries. The AFCOT forum is a big family and the audience was its hallmark. You will find soon, Presentations, interviews, pictures on the AFCOT website: https://afcot.org

Comethi

The AFCOT cannot stress enough the fundamental nature and the mission that this platform aims to carry out in the interest of all.

Today, all members of the supply chain must prioritize transparency; for lack of which, suspicion will set in.

Initially a positive differentiation factor, transparency and sustainability are now fundamental elements required by the market. We must be prepared to react to effects of quick escalation within a context of viral over-communication. This is why we are convinced of the value of Comethi.

Great progress has been made. CMiA, BCI, GOTS have helped the sectors, validated protocols, improved practices. These initiatives are validated, audited, verified and can be communicated. Today, a large part of the cotton production in West Africa is already certified. This process must continue and become more widespread.

Also, and above all, there are many programs dedicated to raising awareness and intensifying controls that are already in place that need to be capitalized on and communicated upon further.

The AFCOT does not have the vocation to set up traceability systems in the cotton sectors, but it is at your service to highlight the best practices and ensure their promotion in an effective and affective way.

ALCOTEXA - Alexandria Cotton Exporters' Association

	Commitments (Tons)	Shipped (Tons)	Value (US$)
1st Quarter	45,560.35	22,470.05	106,479,537
2nd Quarter	30,748.13	31,099.93	86,435,805
3rd Quarter	11,071.1	27,145.43	39,949,637
4th Quarter	1,073	6,183.4	4,566,507
Total	**88,452.58**	**86,898.81**	**237,431,486**

APPA – Asociación para la promoción de la Producción Algodonera

In general terms, it was a very good campaign both in terms of production and quality of fibre and prices at the national level.

Although at the beginning of the 2020/2021 campaign there was a lot of uncertainty since the price of fibre at that time was low and on the other hand there was an important area to be sown that did not have adequate moisture in the soil profile to face the sowing in the right window, with the passing of the days in the country's planting window, the rains began and the siembra became widespread without major inconveniences.

During the critical period of cotton cultivation, in the summer months, water stress occurred in virtually all cotton regions of the country, which, except in irrigated areas, reduced the potential yield in several fields. However, then rains were recorded that managed to partially replenish that potential yield and helped by dry days in the harvest, it was possible to obtain good levels of fibre quality, yielding an average of Middling, and an improvement over last season.

The area sown was between 430,000 and 440,000 hectares with an average yield above 700 kg / ha of fibre which yields an estimated total production of 300,000 / 310,000 tons of fibre. In the province of Santa Fe, the area sown was 50,450 hectares with a productivity similar to that of the country.

For the 2021/2022 campaign, an increase in the area to be sown of around 20% is estimated, that is, it would be around 500,000 ha.

The national textile industry is recovering from the negative impact of the pandemic and helped by the good international prices of fibre, it is attracting an increase in the area to be sown in the next campaign as well as the commercialization of fibre nationwide, since the price experienced an increase of 60-70% from its lowest value at the beginning of the pandemic.

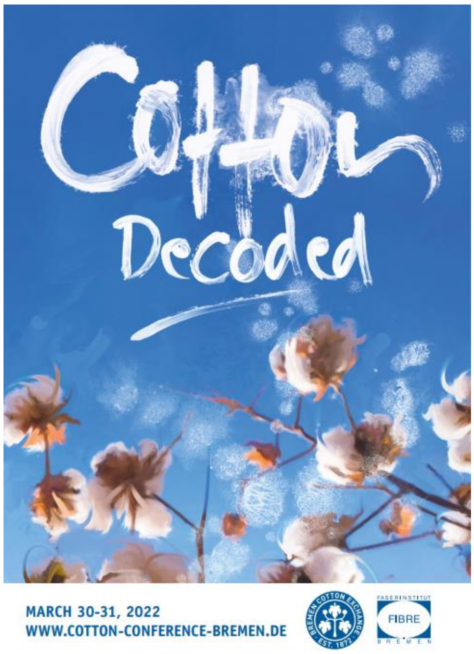
As for the cotton weevil, a key pest of cotton cultivation, in the 2020/2021 campaign the economic impact was minimally helped in large measure by climatic conditions. In general, the management of this pest is taken with greater responsibility, and especially in the province of Santa Fe with a concrete plan for the management and control of the pest which allows to maintain the potential productivity of the fields.

It is observed at this time, at the beginning of the sowing of the crop, an increase in the commercialization and adaptation of harvesting and post-harvest machinery as a result of the increase in planting intention for the campaign that is beginning.

BBB – Bremer Baumwollbörse

The BBB's 150th anniversary in 2022 and the International Cotton Conference Bremen, that will take place digitally and on site on March 30/31.

https://cotton-conference-bremen.de/



BBM – Bolsa Brasileira de Mercadorias

Current crop – 20/21

Estimated production 2.355,7 thousand tons of lint cotton, about 22% less than previous season (19/20) due reduction in acreage of 17% and 5% due climate issues.
From this total production about 80% already sold by producers.
Estimated domestic consumption of 725 thousand tons.

New crop – 21/22

Estimative of 10.2% increase in planted area, totalling 1.510 thousand Ha. Using historical average yields, we should reach a production of 2.700 thousand tons, but with current international prices we may see an even bigger increase in acreage, reaching numbers close to the record crop of 19/20.

Considering the initial estimative of 2.7 million tons production, about 65% has been already committed by producers.

Concerns about capacity to reach higher export volume due to the containers/vessels issues worldwide.

Arbitrations – we only had one arbitration in 2020 and one in 2021 so far.

BCA – Belgian Cotton Association

(No update)

CAI – Cotton Association of India

(No update)

CAN - Centro Algodonero Nacional

(No update)

CCA – China Cotton Association

In 2020/21, China's textile production and sales continued to improve steadily, with sufficient orders from enterprises, and high operating rates. The strong demand for cotton has driven domestic cotton price to rise continuously, hitting a new high since 2014. At the same time, China's cotton policy has remained stable, the import quotas have been timely issued, imports have increased substantially, cotton production has remained stable, and the supply is relatively abundant.

In August, the textile market remained stable, while commercial stock declined and industrial stock were stable and increased. According to CCA, the total cotton production in 2021/22 is 5.83 million tons, down 1.52% year on year. The consumption and imports remained stable at 8.43 million tons and 2.75 million tons respectively. The ending stock was correspondingly adjusted to 8.29 million tons, up 1.8% year on year.

Introduction to Cotton China Sustainable Development Program (CCSD):

The Cotton China Sustainable Development Program (CCSD), initiated by China Cotton Association, aims to promote high-quality and sustainable development of the Cotton industry. A public welfare project to promote sustainable cotton production and consumption in China and around the world. Adhering to the four major project concepts of "Environmental Friendly, Respect for Labour, Excellent Quality and Full Traceability", is committed to achieving the two major project objectives of "Production of Sustainable Cotton, and Promotion of Sustainable Cotton".

Up to now, the project has formulated and implemented "China Cotton Production Management Standards ", and signed cooperation agreements with production enterprises, cotton planting and management according to the requirements of the project. In order to ensure the effectiveness and credibility of the project implementation, certification work has been started on the enterprise farms. Next, CCA will sign contracts with the first batch of supply chain enterprises, as well as brands and retailers, and continue to prepare for the listing of the first batch of certified lint.

Cotton SA

South Africa Cotton Market Report

Local cotton production is estimated at 78,744 lint bales by end of September 2021, with harvesting now completed and the ginning of the crop nearly finished. The grade and the quality of the cotton fibre evaluated show improvement over the previous season with over 70 % in the Strict Middling and Good Middling range. The past season had some very favourable weather in most areas, leading to some excellent quality cotton. The micronaire of the crop appears to be concentrated around the premium range of 3.80 to 4.30. The strength grouping confirming the continuous trend of the crop improving on a year-to-year basis. Dry land yields are performing better than initially anticipated and are on average 45% higher than the year before.

RSA CROP	2020/21 6th Estimate	2020/21 7th stimate	2019/20 Final Estimate
Ha Irrigation	5 709	5 709	11 543
Ha Dryland	10 467	10 467	16 132
Total Ha	16 176	16 176	27 675
Yield: kg seed cotton per ha			
Irrigation	4 347	4 351	4 393
Dryland	1 739	1 749	1 206
TOTAL LINT BALES	78 518	78 744	134 230

GCA – Gdynia Cotton Association

POLAND - TEXTILE and CLOTHING SECTOR in ‘2021

Production Volume

In the eight-month period of ‘2021 the most important categories of textile products increased compared to the period I-VIII '2020, and in flax yarn and bedding production was even higher than the production before the pandemic (I-VIII '2019). The largest - 45% increase in production was achieved by producers of flax yarns, while the largest decrease was in terry fabrics production (towels).

The situation is worse in the clothing industry, which has been recording declines in production. COVID-19 pandemic restrictions and lockdown of malls and clothing stores in the beginning of ‘2021 have contributed to a drop in demand and a reduction in clothing production in many categories, but the production of women's apparel and sets increased by 35%.

Employment

Based on official Central Statistical Office data the employment in the textile sector, in plants employing 9 or more persons, increased by 2,2 % and in the end of August ‘2021 it was 45 thousand persons.

COVID-19 pandemic lowered the employment in the apparel sector by 8,9% compared the last year and accounted 51 thousand persons in the end of August '2021. The clothing sector has continued the long-term downward tendency of employment in 2021.

Production Sold

The value of sold production of the textiles sector increased significantly by 19.5%, while the value of sold production of the clothing industry turned out to be higher by 9.1%, compared to the same period of '2020.

Since '2010, there have been systematic increases in the value of sold production in the Polish textile and clothing sector. Sold production of the textile industry increased by ca 135% and by 30% in the clothing industry during 11 years.

Investment Outlays

In the first half of '2021, capital investments in the textile industry amounted to PLN 201 mln and were higher by 32,1% and in the clothing industry investments reached PLN 27 mln and were higher by 11.1%, compared to the first half of '2020.

PRODUCTION SOLD - current prices		
January – August 2020	January – August 2021	change
TEXTILES		
PLN 9094.8 M	PLN 10871,8 M	+19,5%
CLOTHES		
4491.3 M	4775,4 M	+9,1%
INVESTMENT OUTLAYS - current prices		
I-VI 2020	I-VI 2021	change
TEXTILES		
PLN 151,1 M	PLN 201 M	+32,1%
CLOTHES		
PLN 24,3 M	PLN 27,0 M	+11,1%

ICA – International Cotton Association

200+ cotton professionals connect at ICA's first hybrid trade event

Over 200 participants from the global cotton community took part in the ICA's first ever Hybrid Trade Event - Liverpool 2021 (6 & 7 October). With the theme of Cotton Connected, the two-day programme was packed with hybrid sessions from a variety of industry leaders, connecting the 153 online and 72 in-person delegates.

New Leadership team voted in at ICA

Mr Alex Hsu (Managing Director, Formosa Trading Co Ltd) takes on the role of ICA President. Alex will be supported by Mr Tim North (Global Head of Merchandising - ECOM USA Inc) as First Vice President and the ICA's first female officer, Ms Kim Hanna (President - TransGlobal Inspections) as Second Vice President. New to the board are Mr Josep Barderi (Violar S.A.), Mr William Barksdale (Cargill Inc.) and Ms Fabiana Furlan (Scheffer).

New ICA Website

We have redesigned the ICA website to bring you a more modern online experience. It still has all the same features as its previous version, but now with improved navigation, layout and a new 'Search' tool to help you find what you're looking for more quickly. We would love to hear any feedback you might have on the new website (good or bad!). Please send any comments to comms@ica-ltd.org.

To help us engage with our members on a wider scale and make trading safer, we are allowing some of our members to choose several of their colleagues to become ICA Website Users, meaning they can join ICA Individual Members in benefitting from the following:

- Receiving ICA notification emails.
- Accessing the Members' Area of our website to view the full List of Unfulfilled Awards (Part 1 & 2), as well as a range of other exclusive resources.

Code of Conduct

We have created a new Code of Conduct so that individuals can clearly understand what they are committing to by signing-up for ICA Membership. In the coming months, all Individual ICA Members and Agent Members will be contacted and asked to confirm their commitment to this Code of Conduct and to abide by the ICA's Bylaws & Rules.

Draft Agency Agreement

A new ICA Draft Agency Agreement is now available for voluntary use by Agents and Brokers. This template provides an example agreement for Agents and Brokers to consider, amend and use in agreement with their principal.

Women in Cotton

WiC have delivered their 10th Chats for Change and this year, launched their Global Café – a chance to network and continue the discussion around topics covered at Chats for Change.

ICE – Izmir Commodity Exchange

We expect total cotton production in Turkey to decrease by 36% and realize as 850 thousand tons.

İzmir Commodity Exchange made the harvest estimation studies carried out for the 2021/22 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 to 185 thousand tons.

The risks caused by climate change have affected the production of Turkey as well as all over the world. However, despite this, a high quality and high yield crop was obtained by Turkey.

In the last 1 year, Turkey's textile and raw materials exports increased by 39.5%. The high demand of our textile industry also makes our cotton industry strong.

Turkey's cotton consumption significantly increased and approached to 2 million tons.

In parallel with the situation of the world markets, cotton prices increased in Turkey as well. However, this situation creates an environment of uncertainty for our textile industry as well.

As it is known, Turkey is one of the rare countries producing GMO Free cotton. We've created a privileged brand named as "GMO Free Turkish Cotton" to increase the chance of competition for Turkish textiles, and thus to provide a preferred status to Turkish cotton production. We institutionalised our brand by establishing a company for our “GMO Free Turkish Cotton” brand. In this way, our marketing and certification activities gained momentum.

JCTA – Japan Cotton Traders’ Association

Cotton Imports into Japan in 2020/21

Cotton imports into Japan in 2020/21 totaled 31,570 tons, 34 percent below 47,790 tons in 2019/20, primarily due to stagnant demand and disruption caused by the Covid-19 pandemic. This was the lowest level of cotton imports after World War II.

The main sources of supply were the United States, followed by Greece, Australia and Brazil. Imports of U.S. cotton used mainly for spinning medium count yarn decreased by 39 percent to 16,300 tons. Nonetheless, U.S. accounted for 52 percent of total imports and remains the largest supplier. Australian cotton fell to 3,740 tons, down 45 percent from last season. Greek cotton for medium/ coarse count yarn production declined by 4 percent to 5,400 tons. Similarly, Brazilian cotton decreased by 45 percent to 2,800 tons.

In contrast, Turkish cotton such as Organic cotton expanded by 125 Percent to 1,500 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. For 2020/21, these top 4 countries accounted for 89 percent.

While the Covid-19 pandemic spurred a decline in cotton imports, there are growing expectations that demand for cotton as a natural material will be stimulated by SDGs and the heightened casual orientation.

Recovery in daily economic activities

The Olympics and Paralympics held in Tokyo this summer were somehow successfully concluded. Japan is moving in a positive direction with Covid since the second vaccination rate nationwide is expected to reach 70 percent at the end of this month.

We are grateful to all be healthy here in the JCTA office.

Covid-19 infections have almost subsided and daily economic activities here in Japan is returning to normal. Due to these factors, an improved outlook can be expected in the near future.

KCA – Karachi Cotton Association

(No update)

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