CICCA Update
by Member Associations

Issue 12 – 6 February 2019

Welcome to this Update, keeping you informed of the new developments at the Member Associations 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, AFCOT, ALCOTEXA, APPA, CCA, Cotton SA, GCA, ICA, ICE, JCTA.

ACSA – American Cotton Shippers Association

2019 is off to a really hectic beginning for the American Cotton Shippers Association. We are inundated with impacts from the longest ever recorded shutdown of the US Government as well as very intense negotiations attempting to resolve the trade war between the United States and China. These factors have certainly created uncertainty in the marketplace and disruptions in normal cotton industry operations.

The United States Government Shutdown impacts our industry directly as it precludes the United States Department of Agriculture from implementing farm policy. As we pass through our sixth week of this shutdown, ACSA strongly advocates for compromise and restoration of normal governmental operations.

Historically, the United States has represented approximately 45% of cotton imported to China. In the first quarter of the 2018/2019 marketing year, we have seen this slip to 13%. This reduction is directly related the escalation of trade disputes and associated tariffs imposed by the United States and China. The American Cotton Shippers Association is very grateful for and would like to acknowledge the support and collaboration we have enjoyed with The China Cotton Association under the leadership of Madam Gao Fang throughout this very difficult trade dispute and negotiation. ACSA is committed to continued partnership with CCA and is focused on a positive resolution of our countries' trade dispute, which will offer the opportunity to return to a mutually beneficial, robust, cotton trade.

ACSA – Australian Cotton Shippers Association

Record temperatures have been registered in many parts of the Australian cotton belt which together with a significant lack of rainfall has meant that crop prospects for 2019 are being continually wound back. Yield is being impacted as growers seek to preserve water for their most promising crops.

While harvest of the 2019 crop has begun on a very small scale in Central Queensland the majority of harvest will not take place until April/May.

The crop estimate for 2019 is currently in the range of 2.1 to 2.5 million bales. Marketing activity remains light as growers have already committed a large percentage, likely increasing as a consequence of the water/weather. Meanwhile spinners buying interest is being subdued due to the very firm offering levels from merchants.

AFCOT – Association Française Cotonnière

AFCOT annual cotton event took place last October in Monte Carlo. More than 340 people attended the event. Early January we have sent the second edition of our cotton magazine which includes great number of pictures of Monte Carlo and 8 articles written by people active in the field of cotton industry. Some copies have been sent to CICCA member's association.

ALCOTEXA - Alexandria Cotton Exporters' Association

	Commitments (Tons)	Shipped (Tons)	Value ($)
1st Quarter	35,396.80	8,267.50	89,961,222
Total	**35,396.80**	**8,267.50**	**89,961,222**

APPA – Asociación para la promoción de la Producción Algodonera

Cotton sowing

It is estimated that there are around 480,000 hectares of cotton planting which are distributed as follows:

- 200,000 hectares in the Province of Santiago del Estero
- 170,000 hectares in the Province of Chaco
- 90,000 hectares in the Province of Santa Fe
- 10,000 hectares in the Province of Salta
- 10,000 hectares in the Provinces of Córdoba + San Luis + Formosa

Due to adverse weather during the month of January 2019, a total loss of 30,000 to 40,000 hectares is contemplated, and an area of 50,000 hectares is affected in both yield and general qualities by various factors. Currently there are 380,000 hectares under good and very good conditions, which would yield very good yields if they continue with favourable conditions.

Argentina is optimistic about the fibre yield per hectare which will exceed 1,000 kg/ha in the areas not affected. This will produce a total of 380,000 tons of cotton lint.

Pests

No pest attacks have been detected (horuga, cotton weevil, bed bugs, etc.) so the crops have an excellent sanitary state. We want to highlight the excellent control and management of pests carried out by producers to date, with strong support and advice from APPA in Santa Fe and the Secretary of Agriculture of each province.

Local cotton market

Due to the economic circumstances that the country is going through, the cotton market is contracted, with an estimate that the Argentine industry will not require more than 100,000 tons or even lower. For this reason, producers will be faced with the need to sell for export, although it will be resisted because the prices for that market today are not as expected, since they have increased production costs. We hope that the market, starting in April, can start an escalation that leads to better values.

We already appreciate any information about perspectives of the cotton market including demand, prices for the months of April onwards, given that our producers do not have reliable information on the matter so far.

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

According to the latest statistics of China Cotton Association, the cotton planting area in 2018 is 49.025 million mu, down by 4.1% than last year. In the growing period of cotton, meteorological conditions were normal in most cotton regions, with the output of 6.11 million tons, up 1% year on year and flat compared with the previous period. Xinjiang's output was 5.137 million tons, up 3%, basically unchanged from the previous forecast. The Yellow River basin produced 518,000 tons, down 2.3%. The output of the Yangtze river basin was 407,000 tons, down 13.5% than last year.

As of November 2018, China had imported 1.36 million tons of cotton, up 28.4%, according to Customs statistics. Among them, the United States is still China's largest source of cotton imports, accounting for 37.3% of the total, followed by Australia, India, Brazil and Uzbekistan, accounting for about 90% of the total imports.

Cotton SA

South Africa Cotton Situation as at 31 October 2018:

GINNERS SITUATION*

	OCT 2018 (TON)	% +/- **	SEASON CUMULATIVE TOTAL (TON)	% +/- **
SEED COTTON:				
OPENING STOCK	43849	730%	0	-
PLUS RECEIVED:	2947	102%	85954	94%
- RSA SEED COTTON	2947		85104	
- SWAZILAND SEED COTTON	0		850	
- OTHER SEED COTTON	0		0	
LESS GINNED	8475	118%	47633	14%
STOCK ADJUSTMENTS	0		0	
CLOSING STOCK	38321	1244%	38321	1244%
COTTON LINT:				
OPENING STOCK	6013	64%	264	-
PLUS PRODUCED	3424	151%	18654	26%
LESS SOLD	2721	65%	12202	7%
STOCK ADJUSTMENTS	0		0	
CLOSING STOCK	6716	99%	6716	99%

SPINNERS SITUATION*

	OCT 2018 (TON)	% +/- **	SEASON CUMULATIVE TOTAL (TON)	% +/- **
COTTON LINT:				
OPENING STOCK	2452	33%	2841	1%
PLUS RECEIVED:	2437	33%	11966	-6%
- FROM LOCAL GINNERS	375		1184	
- ZIMBABWE IMPORTS	913		2753	
- ZAMBIA IMPORTS	1149		6892	
- OTHER IMPORTS	0		1137	
LESS CONSUMPTION	1679	-21%	11597	-17%
STOCK ADJUSTMENTS	0		0	
CLOSING STOCK	3210	104%	3210	104%

SOURCE: Ginners' and spinners' monthly statutory returns

* *Includes Swaziland*

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

South Africa Cotton Crop Estimate:

COTTON CROP REPORT - FINAL ESTIMATE 2017/18 PRODUCTION YEAR 30/11/2018

PRODUCTION REGION	HECTARES IRRIGATION	HECTARES DRYLAND	YIELD IRRIGATION kg seed cotton/ha	YIELD DRYLAND kg seed cotton/ha	PRODUCTION 200 kg bales cotton lint	% OF CROP HAND PICKED	% OF CROP GINNED SO FAR
LIMPOPO PROV.							
Loskop	5093	193	3540	500	32626	0%	1%
North & South Flats	663	9155	3200	862	18024	0%	1%
Koedoeskop/Dwaalboom/Thaba:	2717	0	5594	0	28118	0%	40%
Limpopo Other	595	171	3870	600	4382	0%	40%
Weipe	746	0	4438	0	6125	0%	90%
NORTHERN CAPE							
Vaalharts	2949	0	5331	0	30504	0%	90%
Lower Orange River	561	0	5190	0	5386	0%	92%
Rest of Northern Cape	3817	0	5537	0	40574	0%	91%
NORTH WEST							
Stella/Delareyville/Schweizer	278	1709	3810	1818	7996	3%	91%
Rest of North West	591	0	5000	0	5467	0%	0%
KWAZULU-NATAL	1263	1110	2387	804	7227	41%	91%
MPUMALANGA	0	2017	0	480	1790	100%	19%
EASTERN CAPE	0	0	0	0	0	0%	0%
RSA TOTAL	**19273**	**14355**	**4595**	**910**	**188220**	**3%**	**56%**
Swaziland*	0	1000	0	850	1530	100%	100%
Botswana*	0	0	0	0	0		
Namibia*	0	0	0	0	0		
Zimbabwe*	0	0	0	0	0		
Mozambique*	0	0	0	0	0		
GRAND TOTAL	19273	15355	4595	906	189750	3%	56%

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

GCA – Gdynia Cotton Association

Polish Textile Branch in 2018

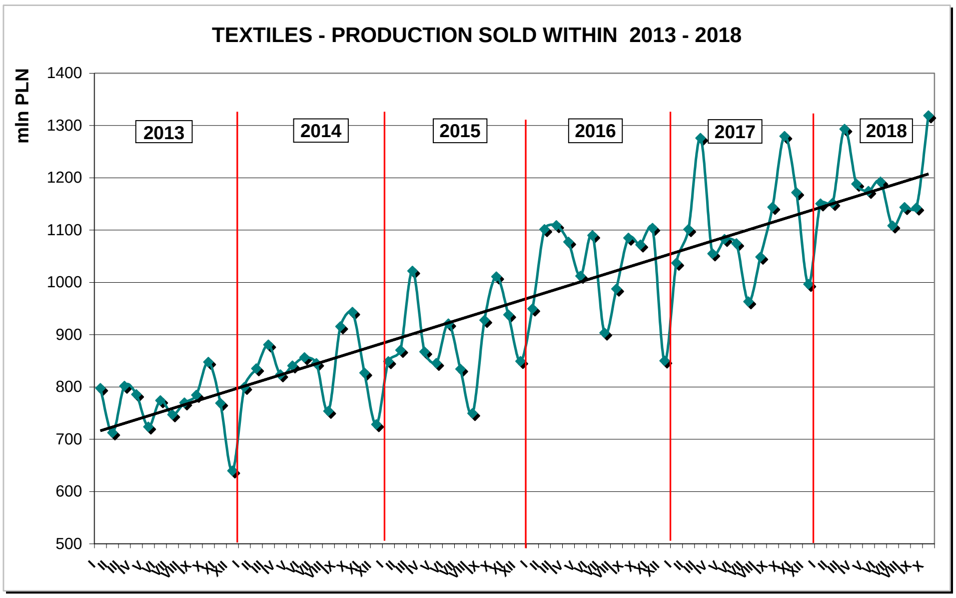
Within the period of 11 months of 2018, the increase of production volume in the most important 10 categories of textile products, when compared to the same period of 2017, was noted for 6 of them: cotton yarn (+1%), cotton fabrics (+14.5%), coated cotton fabrics (+14%), carpets (+4.9%), textile wrappings (+0.5%) and flax yarn (+2.2%).

Production lowered in the case of 4 categories of textiles: fabrics made from synthetic and artificial filament yarns (-5.3%), bed-linen (-8%), textile fitted flooring (-22%), and runners (-16.5%).

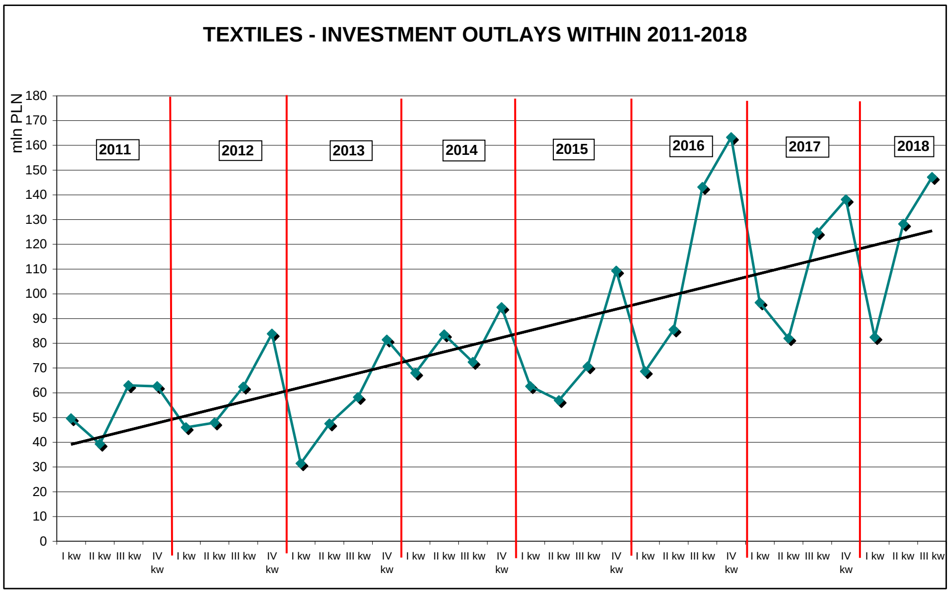
Data from the Central Statistical Office show that within last 11 months of 2018, the average employment (in companies employing 9 or more employees) in textile industry has not changed and it was 48 thousand persons, whereas in the same period, the clothing industry employment was fluctuating by +/-1 thousand, and in November it was 67 thousand persons.

In total, in both branches, at the end of July 2018, in companies employing 9 or more persons, there were 115 thousand employees.

Within the period of 10 months of 2018, the value of production sold by Polish textile industry, when compared to the same period of 2017, increased by 7.3% and it was PLN 11.87 billion (ca. Euro 2.83 billion).



The first 3 quarters of 2018 brought an impressive, as it was 18% increase of investment value in textile industry, when compared to the same period of 2017.



In 2018, 11.84 thousand tonnes of raw cotton materials (CN 5201, 5202, 52013) were imported to Poland and processed – those which are used for cotton and blended yarns, non-wovens and hygienic-cosmetic products based on cotton fibre.

For comparison, in 2017 imports of these raw cotton materials was slightly lower and amounted to 11.52 thousand tonnes.

ICA – International Cotton Association

Vietnam 'outreach' visit

Bill Ballenden (ICA president) and Bill Kingdon (ICA Managing Director) made an 'outreach' themed visit to Vietnam last October where they met with representatives from nearly 30 companies. The visit was used to explain the benefits the ICA brings to the cotton market and the networking opportunities that membership provides.

Argentinian visit

Robert Jiang (ICA & CICCA) and Georges Toby (CICCA Chairman) made a trip to Argentina last November to learn more about the country's cotton industry and deliver presentations covering ICA, ICA Bremen and CICCA topics. Invited by Asociación para la promoción de la Producción Algodonera (APPA), Robert also visited their laboratory to provide consultancy services from ICA Bremen.

Professional Certificate in Commodity Management

Our Professional Certificate in Commodity Management started on 7 January 2019. Developed in association with the University of Liverpool, this online university programme provides an introduction to all the skills needed for successful commodity management.

ICA training

Registration is now open for our most popular training programme, Complete Cotton. Over 10 days, delegates will learn about the raw cotton trade from some of the world's leading professionals - from field to fashion and everything in between. The training will take place in Liverpool's Marriott Hotel from 29 April – 10 May 2019 in Liverpool, UK.

Ten international delegates successfully completed our Managing Risk training course in Hong Kong last October, which focuses on key areas of managing risk in the cotton market.

Fifty delegates took on our Total Trade training in Luoyang, China last October where they were provided with insights into the key areas of cotton and yarn trading.

Sixty-two delegates completed our new, Quality Matters training course last December in Pakistan which covered all elements of quality matters, classing, testing, claims and resolution in an interactive atmosphere.

Hong Kong 2018

Over 600 delegates from the global cotton community gathered in Hong Kong's Grand Hyatt hotel from 17-18 October for last year's annual trade event and gala dinner. With a variety of topical presentations from industry experts, a Sustainability panel session and a magnificent gala dinner, the event also provided plenty of opportunity for delegates to network and do business.

Liverpool 2019

Next year's event will take place at the Crowne Plaza and St George's Hall, Liverpool on 9-10 October. Registration will open soon.

Country Focus Groups (CFG)

The ICA's eight CFGs consist of legal and trade experts from Bangladesh, China, India, Indonesia, Pakistan, Thailand, Turkey and Vietnam, respectively. The CFGs have met and looked at the following topics:

- How the CFGs can assist the work of the ICA's Business Intelligence Team/Officer in relation to finding out about defaulters trading in cotton.
- The List of unfulfilled Awards and defunct companies.
- Developments in law in the various CFG jurisdictions, that affect the trading of cotton and the enforcement of arbitration awards.

ICE – Izmir Commodity Exchange

Previously we were expecting that the cotton production will stand at around 950,000 tons in Turkey in the 2018/19 season. But then the global climate change affected the weather pattern. This situation has also affected the harvest season in a negative way. Now we estimate that our cotton production will decrease to around 875,000 tons in Turkey.

JCTA – Japan Cotton Traders' Association

Cotton Imports into Japan during January - December 2018

Despite comparatively higher cotton prices, cotton imports into Japan in 2018 (Calendar year) totaled 248,308 bales (54,062 tons), up 1.2% from 245,263 bales (53,399 tons) in 2017, overcoming a difficult previous year of decreased consumption and buying returned.

The main sources of supply were the United States, followed by Australia, Greece and Brazil. U.S. cotton imports used mainly for spinning medium count yarn rose by 0.4% to 116,881 bales (25,448 tons), accounting for 47% of total imports and remains the largest supplier. These gains are mainly due to stable quality.

Brazilian cotton used for spinning coarse count yarn increased by 34% to 25,383 bales (5,526 tons). Similarly, Greece cotton for coarse count yarn production rose to 37,659 bales (8,199 tons), up 15% from a year ago.

In contrast, Australian cotton decreased to 48,766 bales (10,617 tons), down 15% from last year. Despite having less contamination and longer staple, the decrease results from its rather expensive prices.

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

KCA – Karachi Cotton Association

(No update)