CICCA Update
by Member Organisations

Issue 13 – 12 July 2019

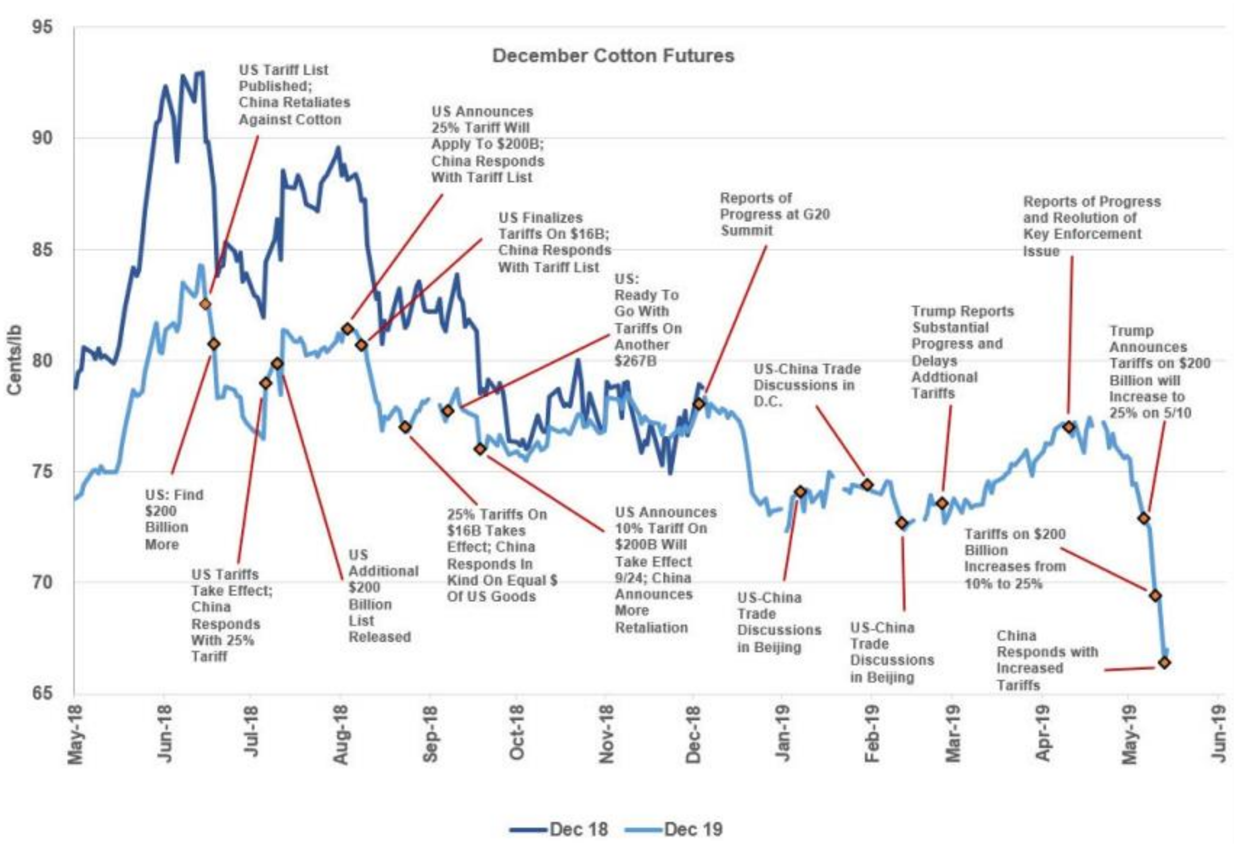
Welcome to this Update, keeping you informed of the new developments at the Member Organisations and Observer Organisations. This publication comes as a result of a decision reached at the 2012 Plenary Meeting that "To facilitate the understanding of the latest cotton related information in the countries 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:

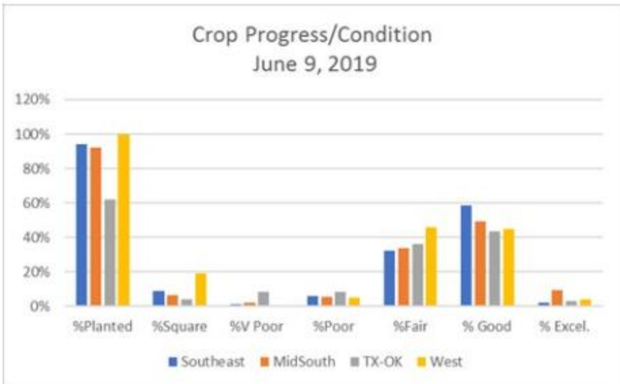
ACSA Australia, ACSA USA, AFCOT, ALCOTEXA, APPA, CAN, CCA, Cotton SA, GCA, ICA, JCTA.

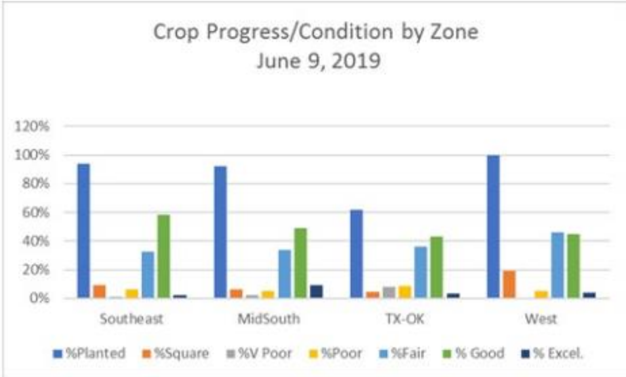
ACSA – American Cotton Shippers Association

ACSA continues to advocate for an expeditious resolution to the ongoing trade war between the U.S. and China. The ongoing trade dispute has disrupted trade flows and had significant negative market impacts.



In terms of the current U.S. crop, seventy-five percent of the intended 2019/20 U.S. cotton crop has been planted as of June 9, compared to 88 percent this time last year. 11% of the U.S. crop had squared as of June 9, behind last year's crop at 14%. Crop condition is ahead of where it was at this time last year with 85% of the crop rated fair or better. In the Southeast, at least 85% of the crop rated fair or better on June 9. While in the Mid-South, at least 86% of the crop rated fair or better. One hundred percent of the crop in Arizona rated fair or better, while in the Southwest, the Texas crop rated lower in terms of crop condition with 81% of the crop rated fair or better on June 9.





ACSA – Australian Cotton Shippers Association

The 2019 season is well underway in Australia with 80% of the crop harvested at the time of writing this report. It is anticipated that harvest for the most part will be completed by the beginning of July and ginning should be complete across the cotton belt in early September. Yields for irrigated crops have for the most part been as expected however the raingrown areas have suffered due to the dry conditions.

The drought in Australia means that the 2019 crop will only be half the size of 2018 at approximately 2.1 million bales. Consequently the outlook for 2020 is currently bleak and without significant rains and river flow, this could halve again down to 1,000,000 million bales. Planting typically takes place October/November so we do have plenty of time for some much needed rainfall.

China and Vietnam remain the main destinations for Australian exports.

AFCOT – Association Française Cotonnière

AFCOT's next cotton event will take place in Deauville, France, on September 30th and October 1st. All CICCA's Member Organisations are invited to join.

ALCOTEXA - Alexandria Cotton Exporters' Association

	Commitments (Tons)	Shipped (Tons)	Value ($)
1st Quarter	35,396.80	8,267.50	89,961,222
2nd Quarter	36,118.60	28,163.80	89,015,658
3rd Quarter	12,837.93	28,440.31	32,515,609
Total	**84,353.33**	**64,871.61**	**211,492,489**

APPA – Asociación para la promoción de la Producción Algodonera

Situation of the cotton season 2018/19 in Argentina

The advance of the cotton harvest during the 2018/19 season reaches 59% of the sowed area at country level, representing about 202,900 ha, obtaining an average yield that exceeds 2,650 kg/ha and a production of about 539,200 ton.

The province of Chaco shows a cotton harvest area that beats 108,700 ha (77% of the provincial area), with an average yield close to 2,300 kg/ha and a production of around 247,800 ton. It is worth seeing excessive rainfall over the cotton region.

Regarding the province of Santiago del Estero, the harvest is about 44% of the provincial cotton area (66,800 ha), reaching an average of 3,400 kg/ha and a production of 225,500 ton approximately. This region is mainly under irrigation conditions.

In the province of Santa Fe, it was harvested about 17,300 ha, obtaining a yield close to 2,000 kg/ha and a production of around 34,100 ton. The northwest of Santa Fe was mainly affected by excessive rainfall producing waterlogging during the cotton season with negative impact on yield and quality.

Other minor provinces in terms of cotton area are: i) Salta with more than 3,000 ha, with an average yield of 2,700 kg/ha and a production of 8,100 ton; ii) San Luis with 5,850 ha, with an average yield of 4,000 kg/ha and a production of 23,400 ton; iii) Entre Ríos has finished the harvest of 1,100 ha, obtaining 1,400 kg/ha of average yield and a production greater than 1,500 ton.

Waterlogging due to excessive rainfall was the main limiting factor during the 2018/19 cotton season in Argentina with a national reduction of 9.8%. A significant percentage of the total national area is still not harvested with delays due to extreme conditions with negative effects on yield and fibre quality.

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

The 19/20 Spanish crop is developing well with an expected production of about 65,000 mtons of lint, about 60 percent of which has been already sold.

Next week our Association will have its annual General Meeting, where a new Board of Directors will be elected.

Barcelona is going to host at the end of November/beginning of December, the 4th edition of the Mediterranean Cotton Roads, a conference that intends to join all the sectors of the Mediterranean cotton industry mainly, but not only, Greece, Turkey, Egypt and Spain, in order to discuss common issues.

CCA – China Cotton Association

According to CCA's survey, the national cotton planting areas in 2019 is estimated to be 321 million hectares, 1.77% down over the year. Since 2018 cotton season, both China cotton and textile industry have been affected apparently by the trade friction between China and US. The uncertain future of China textile export to US increases the hesitation of mills to buy cotton, which resulted in high level cotton commercial stock and much decreased cotton future and spot prices.

Cotton SA

Production

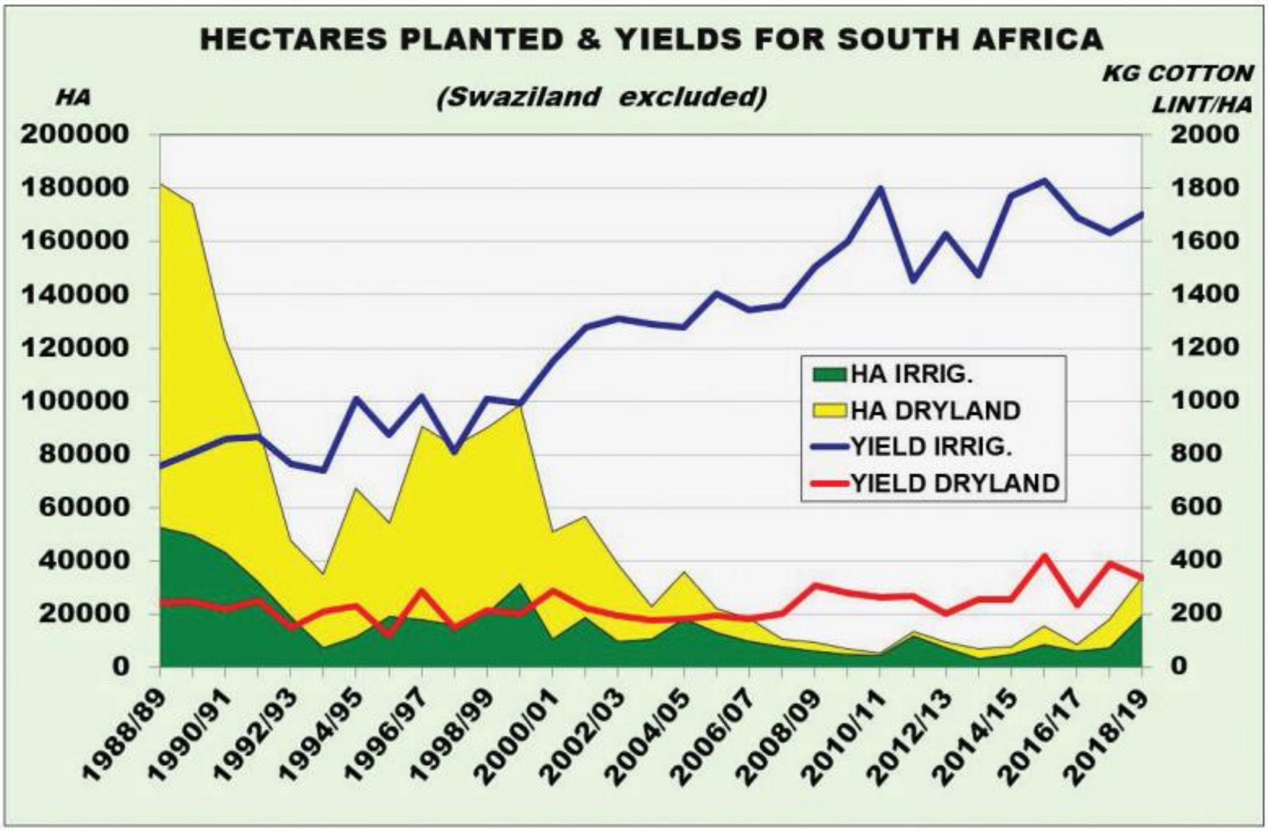
According to the statutory returns submitted by South African cotton ginners, production of cotton lint totalled 31,693 tonnes for the 2018/19 marketing year (1 April 2018 to 31 March 2019), which represents a 98% increase over the previous season. This is mainly due to increased hectarage, which is a result of the more favourable prices of cotton in relation to competitive crops, as well as the renewed interest in cotton production.

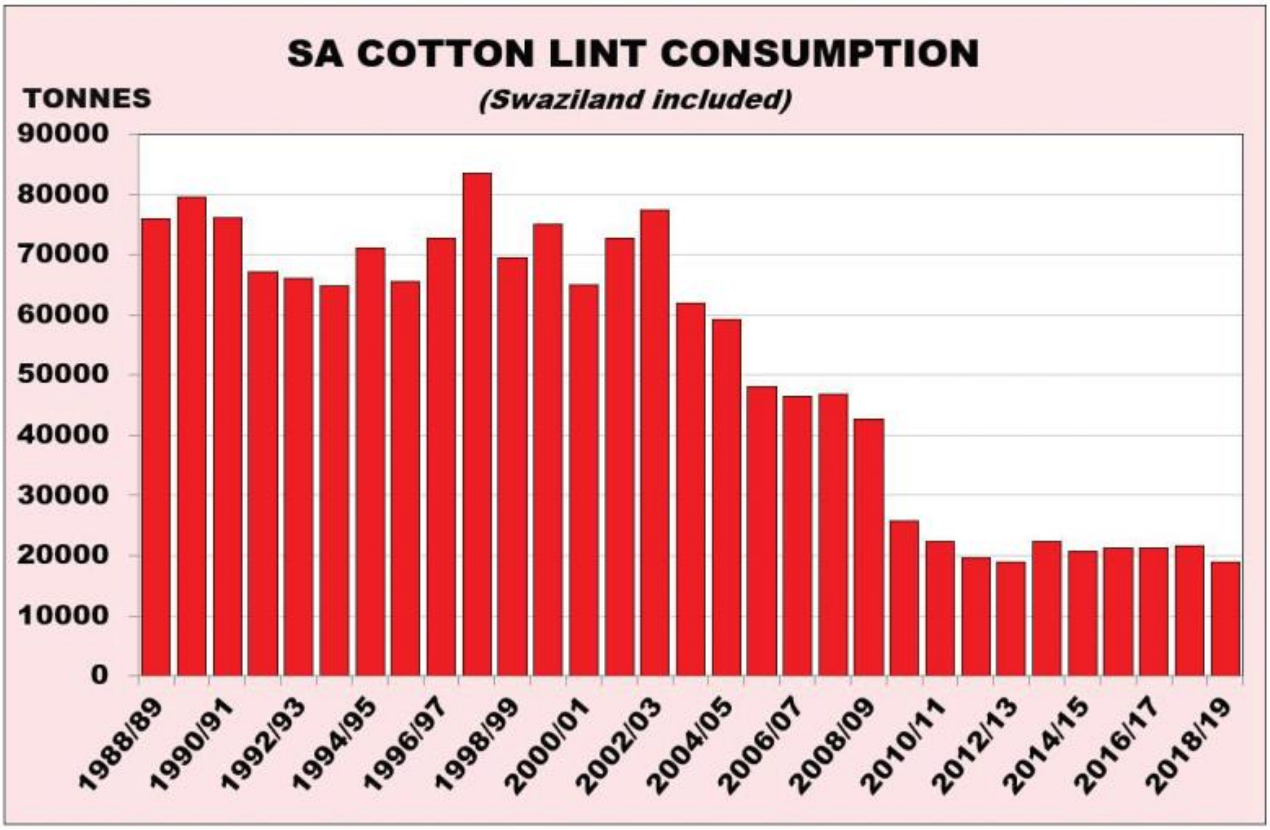
On 31 March 2019 local cotton ginners still had 14,378 tonnes of seed cotton and 2,856 tonnes of cotton lint in stock.

Consumption

The total lint consumption by the local cotton spinning mills for the 2018/19 marketing year totalled 18,958 tonnes, representing a 12% decrease compared to the previous season. This decrease in cotton mill use can mainly be ascribed to the closing down of the Swaziland cotton spinner in the 2017/18 marketing year. Another factor is that most of its cotton spinning business was not taken up by the remaining four cotton spinning mills.

Following the closing down of South Africa's largest cotton spinner in 2009, local cotton mill use declined significantly to stabilise between 19,000 and 22,000 tonnes for a number of years. This can be seen on the cotton lint consumption graph. The overall decrease in local cotton consumption in recent years is mainly due to the continued imports of low-priced textiles and apparel from Asia, which impacts negatively on local demand as well as on textile and clothing exports.

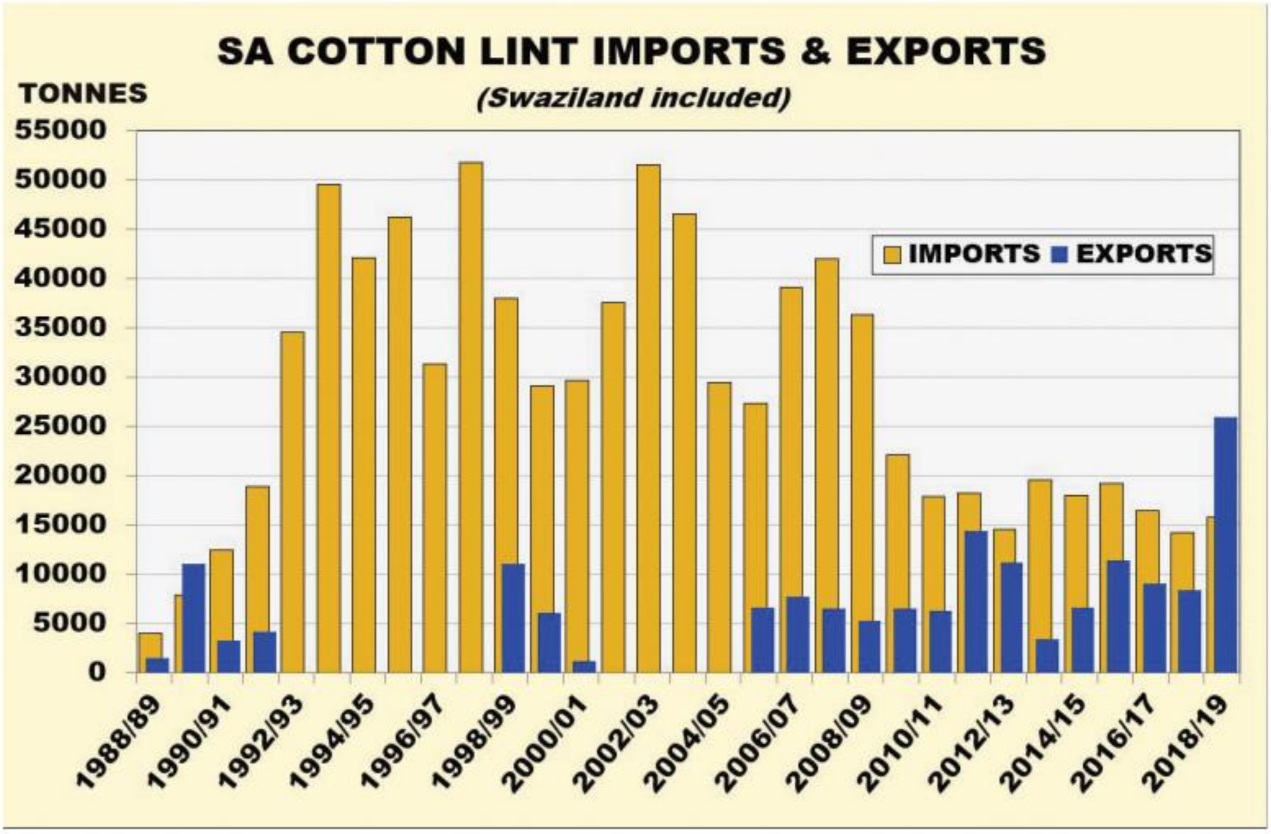




Trade

Local cotton spinning mills imported 84% of their cotton requirements during the 2018/19 marketing season, 65% of which originated from Zambia. The two other main suppliers in 2018/19 were Zimbabwe and India, respectively accounting for 28% and 5% of spinners' cotton lint imports. Total cotton lint imports amounted to 15 856 tonnes. As a rule, more than 90% of all cotton imports originate from countries within the Southern African Development Community (SADC) as there is no import duty applicable on cotton lint imports from these countries in terms of a free-trade agreement.

During the 2018/19 marketing season, a record 26,039 tonnes of locally produced cotton lint was exported.



GCA – Gdynia Cotton Association

Polish Textile Branch in 2019

Within the period of 4 months of 2019, the increase of **production volume** in the most important 10 categories of textile products, when compared to the same period of 2018, was noted for 5 of them: cotton fabrics (+3.1%), textile wrappings (+9%), flax yarn (+2.1%) carpets (+9.3%) and runners (+1.8%).

Production lowered in the case of 5 categories of textiles: fabrics made from synthetic and artificial filament yarns (-5.5%), bed-linen (-9%), textile fitted flooring (-15%), coated cotton fabrics (-10.7%) and cotton yarn (-36.4%) - whose production in Poland is disappearing.

Data from the Central Statistical Office show that within first 4 months of 2019, the **average employment** (in companies employing 9 or more employees) in textile industry has not changed and it was 47 thousand persons, whereas in the same period, the clothing industry employment lowered by 2 thousand, and in April it was 64 thousand persons.

In total, in both branches, at the end of April 2019, in companies employing 9 or more persons, there were 111 thousand employees.

The first quarters of 2019 brought an impressive, as it was 31.4%, increase of **investment value** in textile industry, when compared to the same period of 2018.

Within the period of first 4 months of 2019, the value of **production sold** by Polish textile industry, when compared to the same period of 2018, increased by 9.4% and it was PLN 5.23 billion (ca. Euro 1.24 billion).

In 2018, in total, there were 11048 tonnes of **cotton raw materials imported to Poland**, for the total amount of EUR 20.3 million, including:

- 3546 tonnes of cotton (CN 5201) for EUR 6.670 million

- 7502 tonnes of carded or combed cotton, including combers (5203) for EUR 13.602 million.

Re-export of cotton raw materials from Poland in 2018 was 1132 tonnes in total, for the amount of EUR 2.868 million.

Traditional directions of imports of raw cotton to Poland were retained. As in the past years, the majority of raw material processed in Poland was from Central Asia. In 2018, imports of cotton from Turkey, India, Greece, and West Africa were continued.

Based on data from the first quarter of 2019, we predict that the volume of **cotton raw materials imported to Poland in 2019** will be similar to the volume from 2018 and will amount to ca. 11 - 11.5 thousand tons.

ICA – International Cotton Association

ICA membership remains strong across all categories notwithstanding the very difficult conditions for trading cotton. Our membership is up in nearly all categories of membership. Most rationalisation is evident in the merchant sector. Arbitration applications have risen this year which also reflects market conditions.

ICA Engagement Strategy has been developed which includes;

Women in Cotton: Now 24 members representing 11 countries.

ICA under 40s: A new development programme is being planned to better engage with younger members.

Future member engagement will also be enhanced as part of the strategy.

MOUs

ICA & CAI MOU: We renewed our MOU with CAI in March to reinforce the alliance and cooperation between our associations.

Draft between ICA and ITMF nearing completion.

Training

Quality Matters: 62 delegates successfully completed our new Quality Matters training in Karachi last December.

Complete Cotton: 31 delegates from all sectors of the supply chain completed our Complete Cotton training course last May.

ICA attendance at ICAC Plenary in Abidjan; Cotton Association of India Conference in Mumbai; ACSA Conference in California and ANEA Conference in Sao Paulo in late June, as well as CCA Conference in Qingdao. (The last is obvious, because we are all meeting there!)

ICA Annual Trade Event and Gala Dinner in Liverpool on 9-10 October 2019; at the Fairmont/Swissotel Singapore on 29-30 October 2020; and at the Grand Hyatt Hotel Hong Kong in October 2021.

ICE – Izmir Commodity Exchange

(No Update)

JCTA – Japan Cotton Traders' Association

Cotton Day 2019

Cotton Council International, the NCC's export promotions arm, held its 24th Cotton Day in Tokyo on May 10, 2019. Event was attended by approximately 320 persons, including 25 persons of the media.

On the day, a special seminar on US cotton by CCI President Hank Reichle and others who came to Japan for this day, including ceremony of Cotton USA Award 2019, were held. In addition, Award Ceremony of T-shirt Print Contest was held.

General Assembly of JCTA Members

On May 31, 2019, General Assembly of JCTA Members was held. There was no change in the Board of Directors.

Mr. Yoshiki Miura – Chairman

Mr. Kenichi (Ken) Yamaoka – President

KCA – Karachi Cotton Association

(No update)