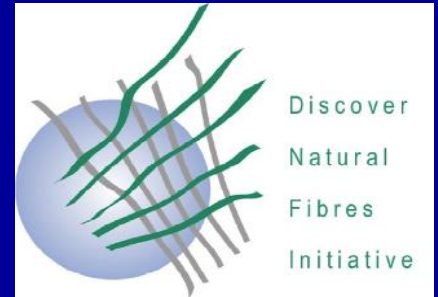


Challenges to Cotton: Confronting Inter-fiber Competition



28 March 2017



**Lorena Ruiz
Economist
International Cotton Advisory Committee**

WHAT IS ICAC?

ICAC is:

Intergovernmental knowledge-based organization to help create an **enabling environment** for the sustainability of the world cotton sector

ICAC is not:

- market regulator
- standard-setting body (→ ISO)
- forum for international trade negotiations (→ WTO)



STRATEGIC OBJECTIVES

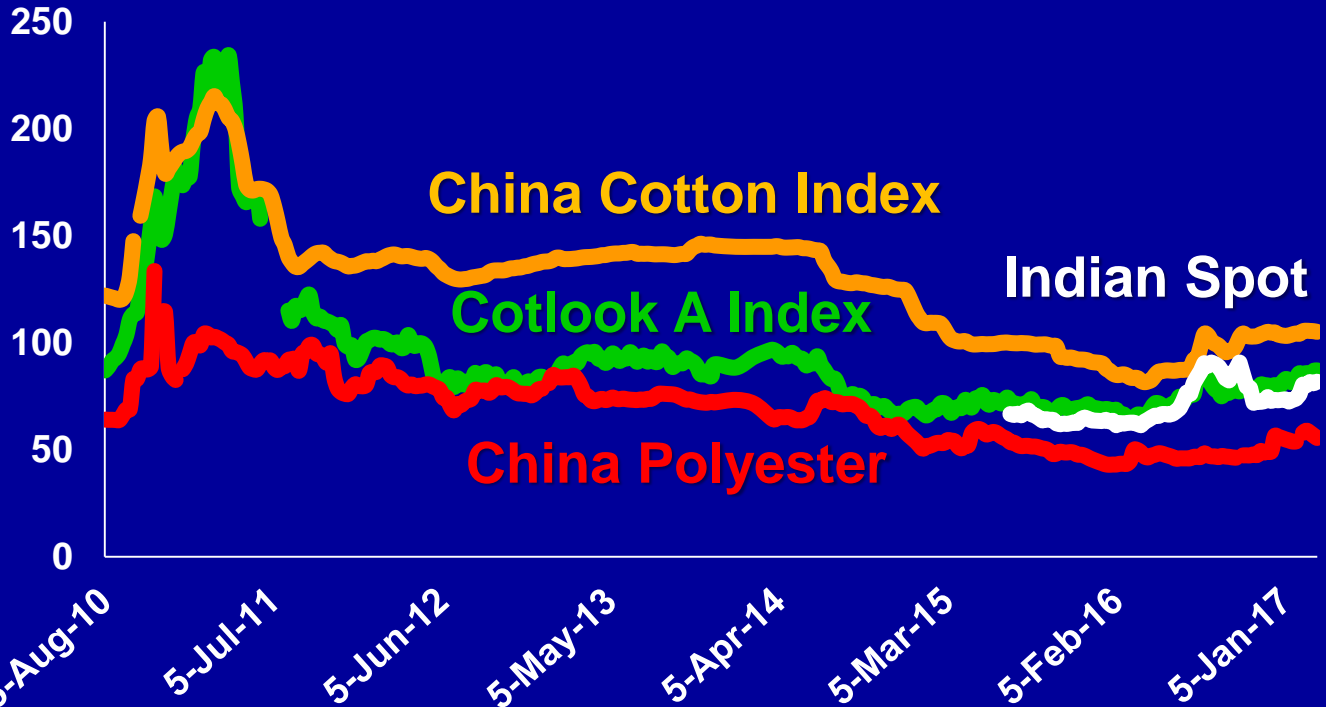
1. Serving as a **forum** for the development of policies and solutions to strengthen the global cotton sector
2. Enhancing **transparency**
3. Encouraging the **development and dissemination of knowledge**
4. Promoting the **sustainability** of the world cotton sector



Strategies for the Cotton Sector to face inter-fiber competition

COMPETITIVE PRICING

US cents/lb



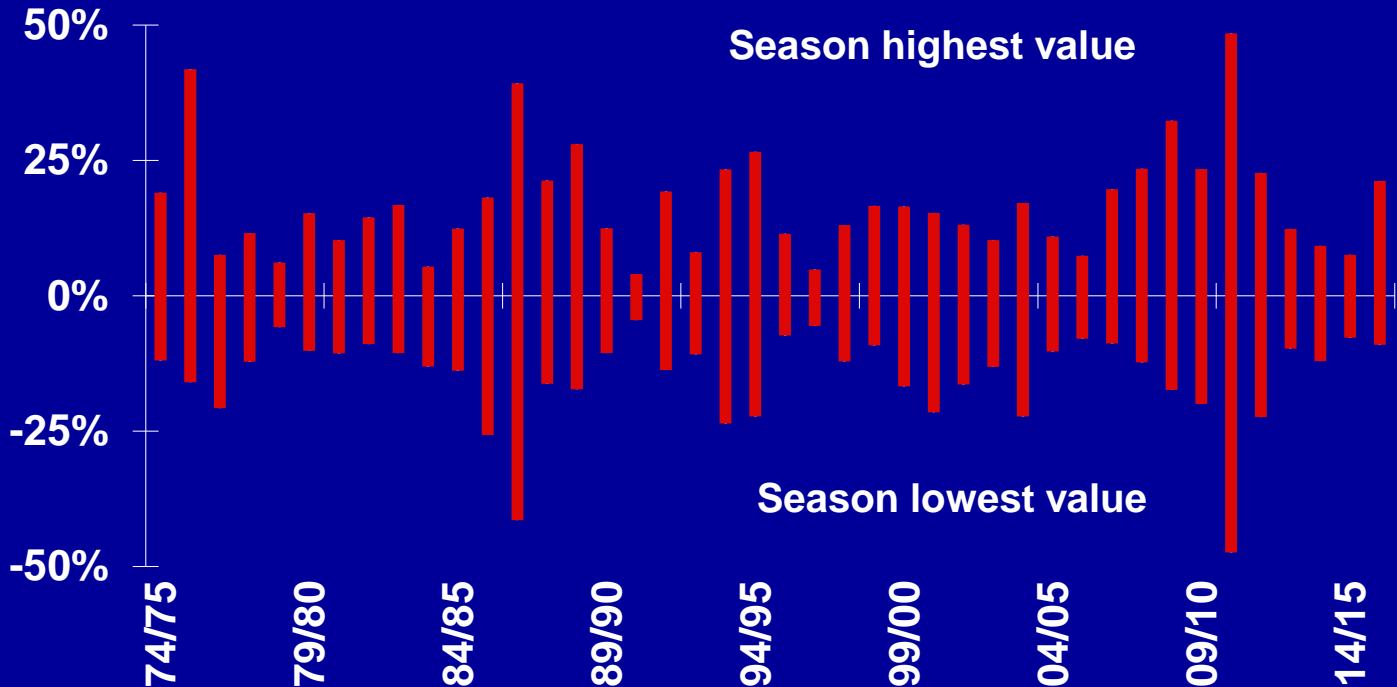
*Weekly quotes



REDUCE PRICE VOLATILITY

Daily Cotlook A Index

Difference with respect to season average

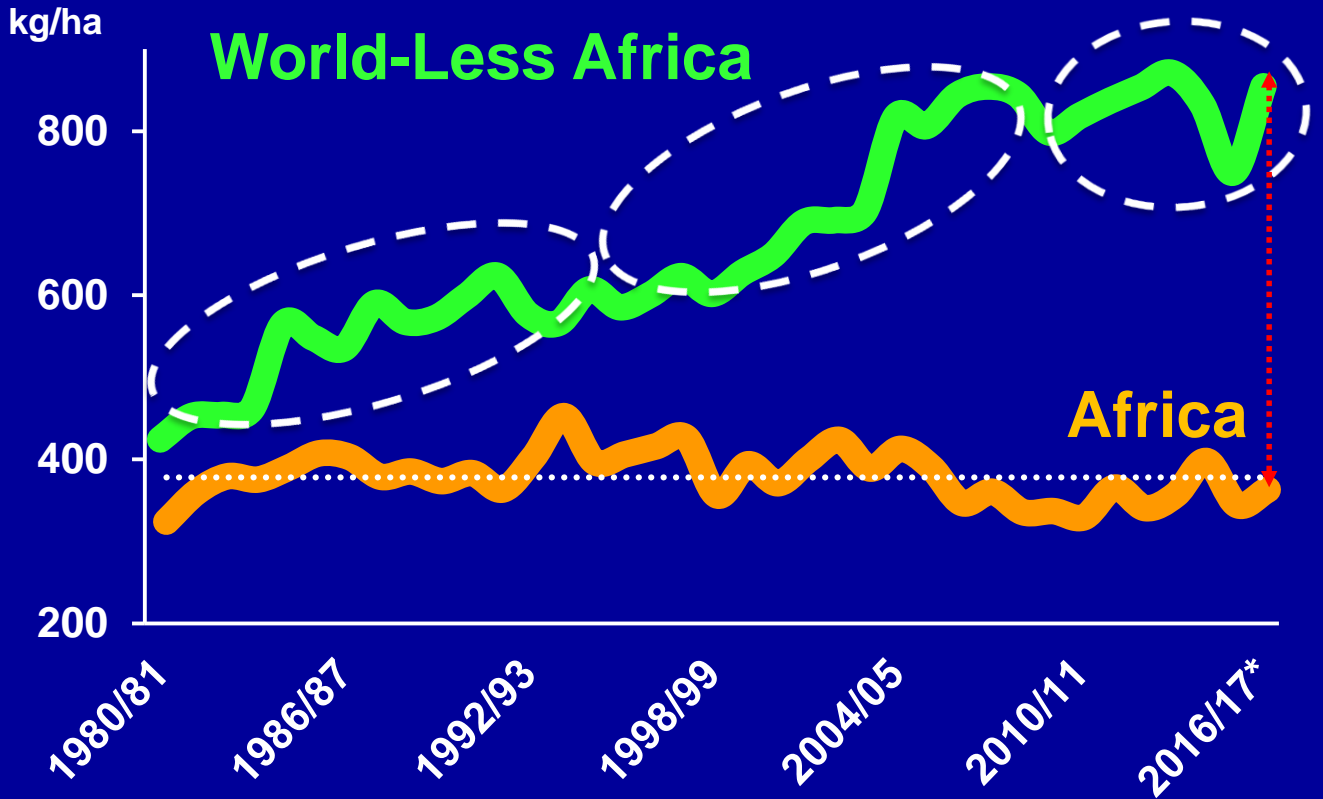


IMPROVE YIELDS

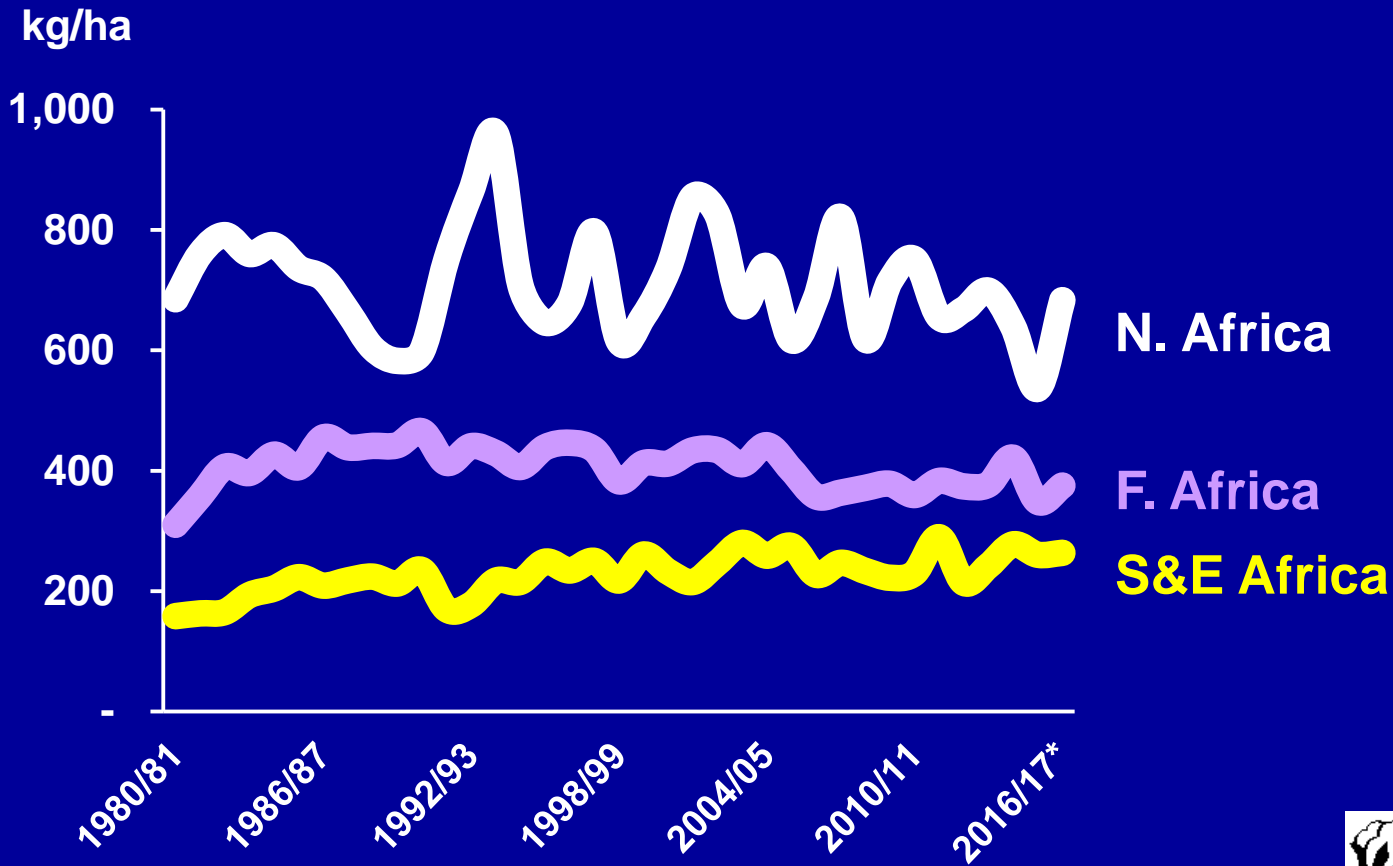
| | 2015/16 | |
|-----------------------------|----------------|--------------------------------------|
| | YIELD kg/ha | SHARE OF WORLD PRODUCTION % |
| Yield > 900 kg/ha | | |
| Australia | 2,319 | 3.0 |
| Turkey | 1,475 | 3.0 |
| Brazil | 1,546 | 6.1 |
| China | 1,495 | 22.6 |
| Others (5 countries) | 1,117 | 4.6 |
| USA | 903 | 13.3 |
| SUBTOTAL (10) | 1,286 | 52.6 |
| Yield < 900 kg/ha | | |
| Pakistan | 528 | 7.2 |
| Uzbekistan | 641 | 3.9 |
| India | 484 | 27.3 |
| Others (50 countries) | 350 | 9.0 |
| SUBTOTAL (51) | 465 | 47.4 |
| WORLD | 694 | 100.0 |



IMPROVE YIELDS



AVERAGE COTTON LINT YIELD IN AFRICA



REDUCE COST OF PRODUCTION

Net Cost of Lint Production

US\$/Kg Lint

2

1

0

00/01

03/04

06/07

09/10

12/13

15/16

0.82

1.11

1.04

1.22

1.5

U.S

China

1.2

Pakistan

Brazil

India

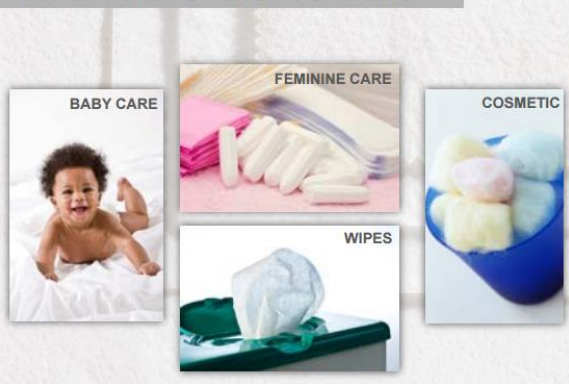
World Average



IMPROVE COTTON FIBER PERFORMANCE

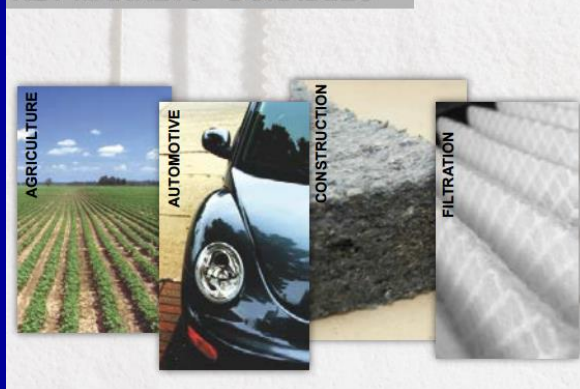
NONWOVENS

KEY MARKETS - DISPOSABLES



Source: Cotton INC

KEY MARKETS - DURABLES



Source: Cotton INC



SUSTAINABILITY

Reduce environmental impact



- The Indicators framework recommended by SEEP, provides a common language to measure sustainability in cotton production all over the world.
- Change people's perception about cotton production and show actual results on sustainability and improvements by country.
- 12 countries have tested the indicators framework.



Yoga pants, cozy clothes may be key source of sea pollution



FEATURE

The massive problem of microplastics

How your clothes are poisoning our oceans and food supply

New studies show that alarming numbers of tiny fibers from synthetic fabrics are making their way from your washing machine into aquatic animals



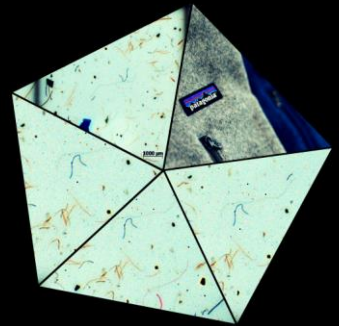
WHAT GOES IN THE OCEAN GOES IN YOU.

RECENT STUDIES ESTIMATE THAT FISH OFF THE WEST COAST INGEST OVER 12,000 TONS OF PLASTIC A YEAR. FIND OUT HOW YOU CAN HELP TURN THE TIDE ON PLASTIC POLLUTION AT WWW.SURFRIDER.ORG/REP



MICROFIBER POLLUTION

and the apparel industry



PROMOTE DEMAND

Consumer Education: Labeling



Promotional Campaigns

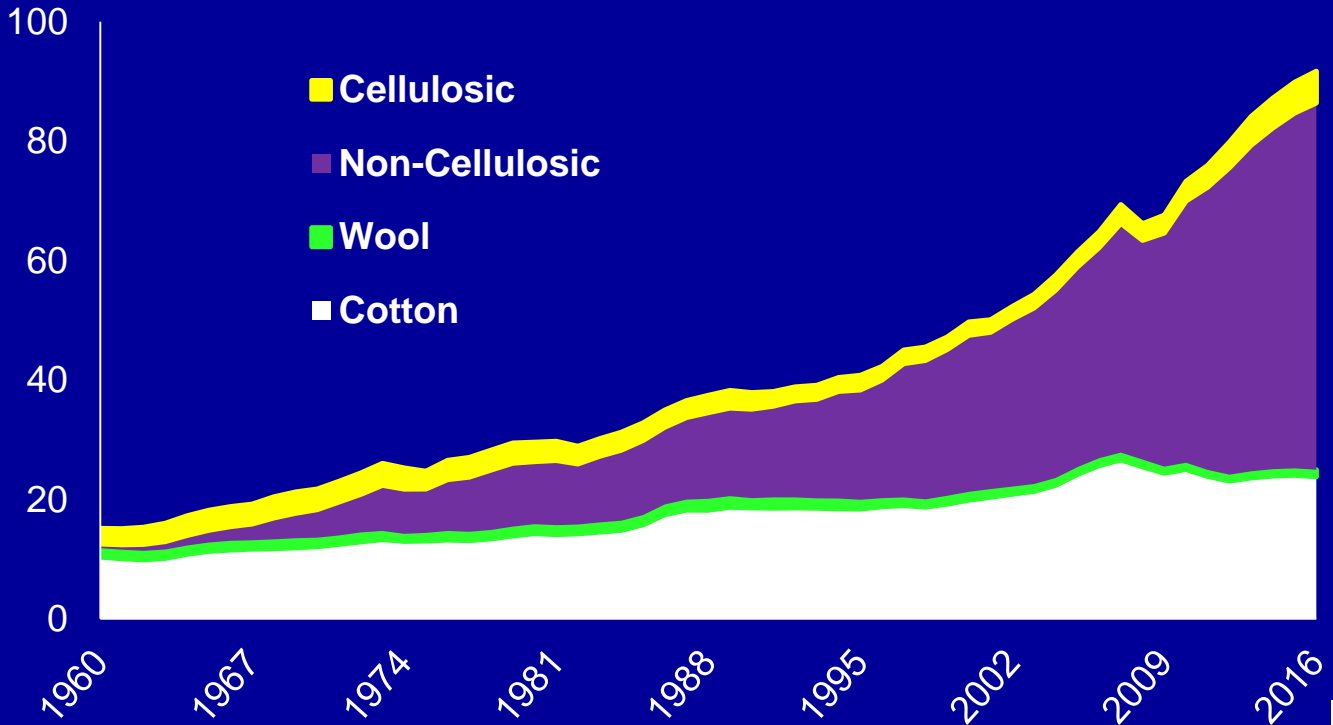


Use more COTTON!!!



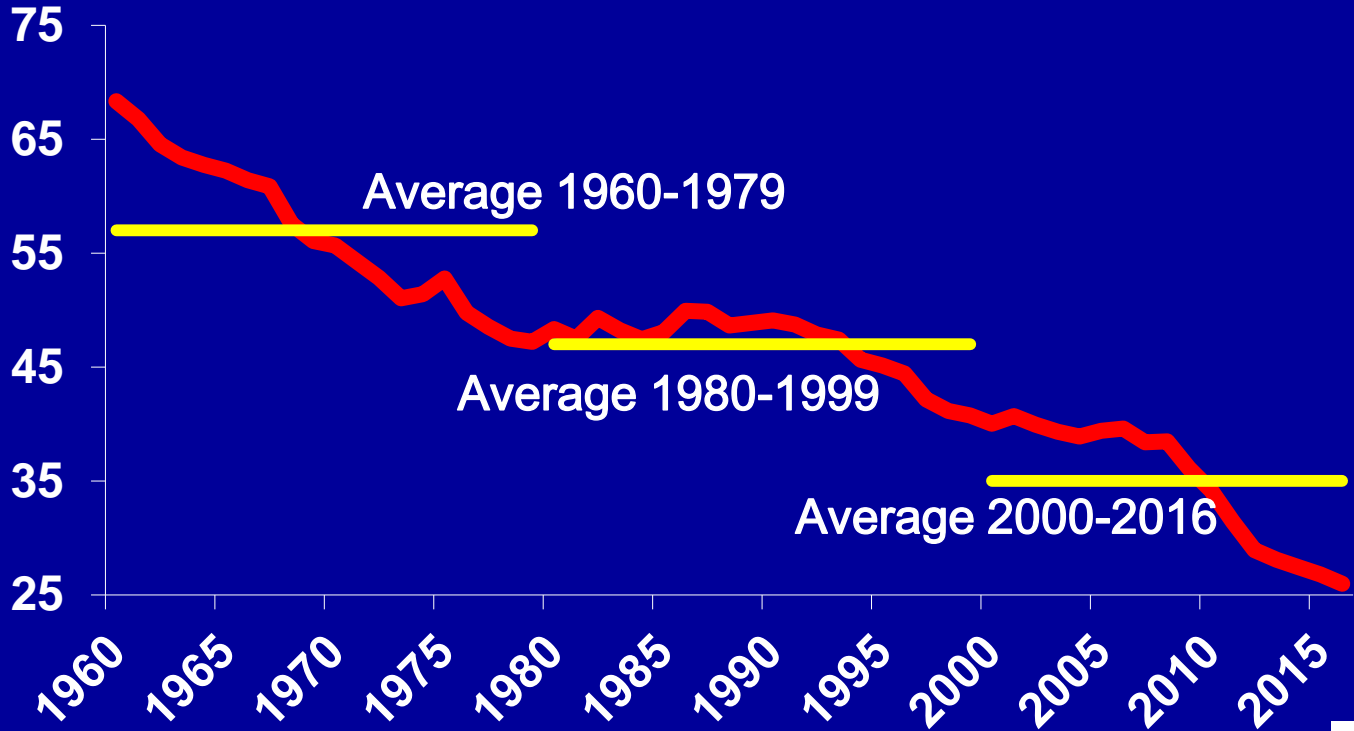
WORLD CONSUMPTION OF TEXTILE FIBERS

million tons



MARKET SHARE OF COTTON IN WORLD TEXTILE FIBERS CONSUMPTION

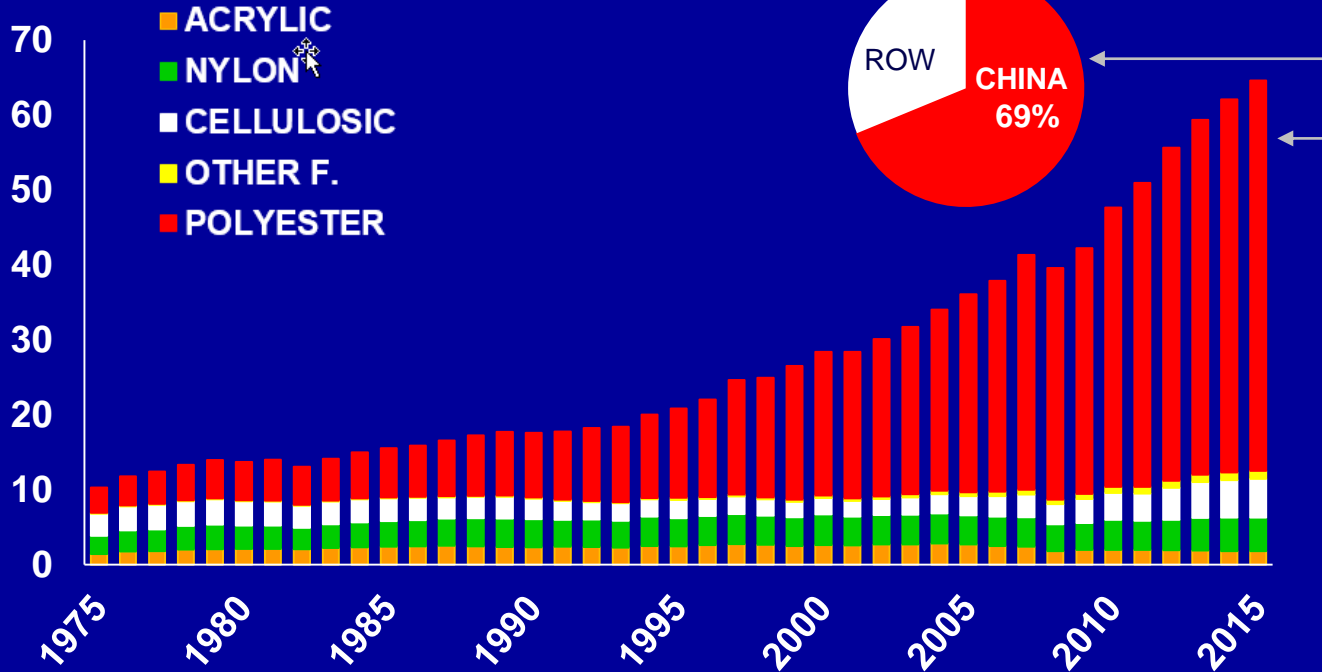
Percentage



SYNTHETIC FIBER PRODUCTION

Mill Tons

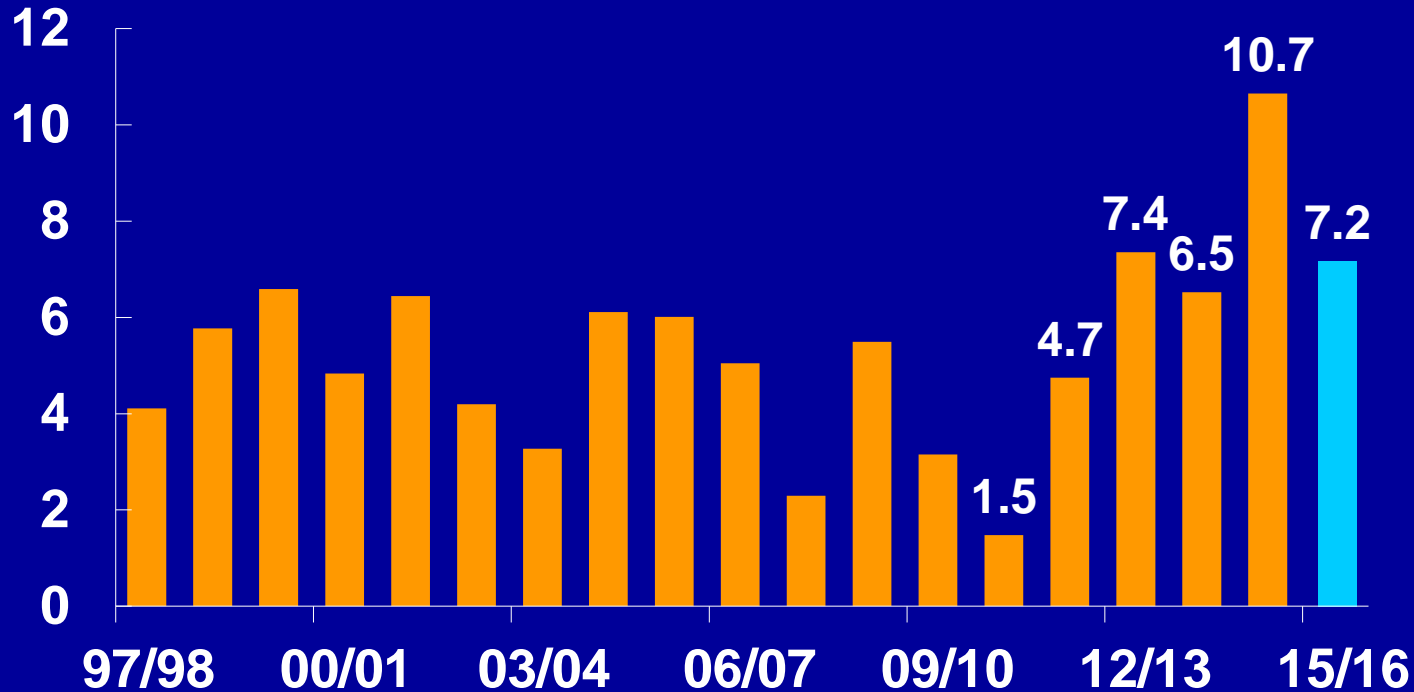
China's Share of Global Polyester Production



TRADE POLICY

REDUCE DISTORTIONS CAUSED BY GOV'T SUPPORT

US\$ billion



OUTLOOK 2017/18

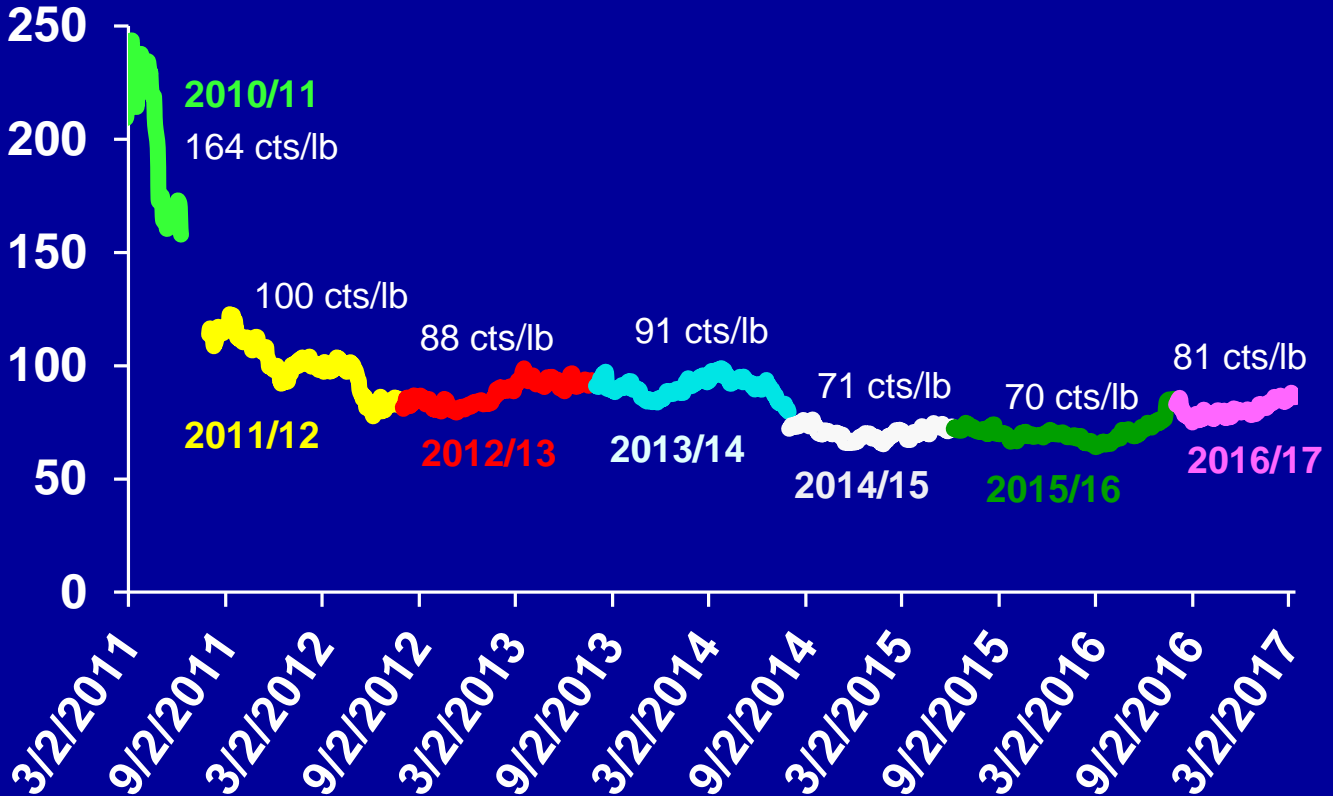
- 1. AREA:** world cotton area is expected to grow by 4% to 30.3 million hectares. Increases in India (7%), China (1%), USA (3%), and Pakistan (3%).
- 2. PRODUCTION:** world cotton output will rise by 2% to 23.2 million tons. Increases in India (2%), China (1%), and Pakistan (11%).
- 3. CONSUMPTION:** slow growth (1.1%). Mill use may expand to 24.4 million tons, mainly driven by Bangladesh and Vietnam. However, world's cotton market share will continue to decline.
- 4. TRADE:** world cotton trade is projected to increase by 2% to 8.0 million tons.
- 5. ENDING STOCKS:** China cotton stocks are expected to decline by 19% to 7.5 million tons. However, stocks outside of China are projected to increase by 7% to 9 million tons or 37% of world cotton mill use.



COTTON PRICE

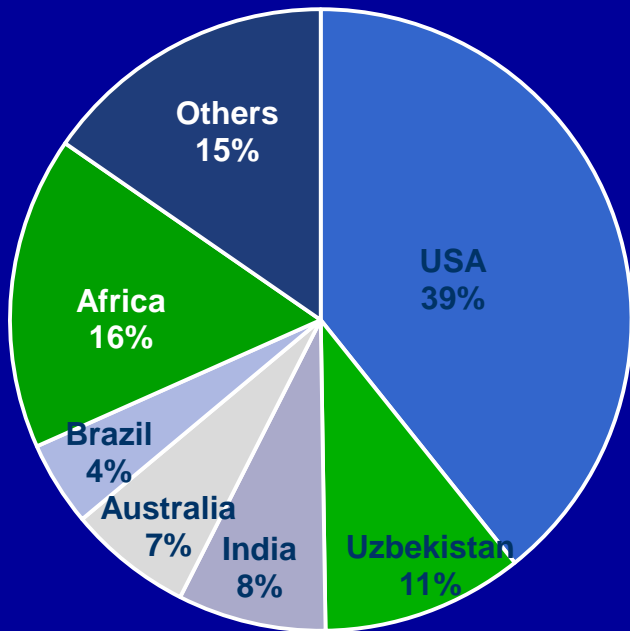
Cotlook A Index

U.S. cents/lb

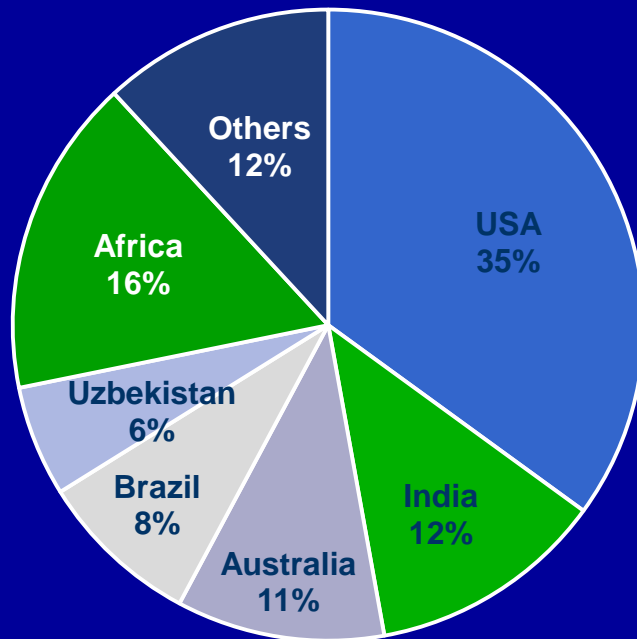


WORLD COTTON EXPORTS

2005/06

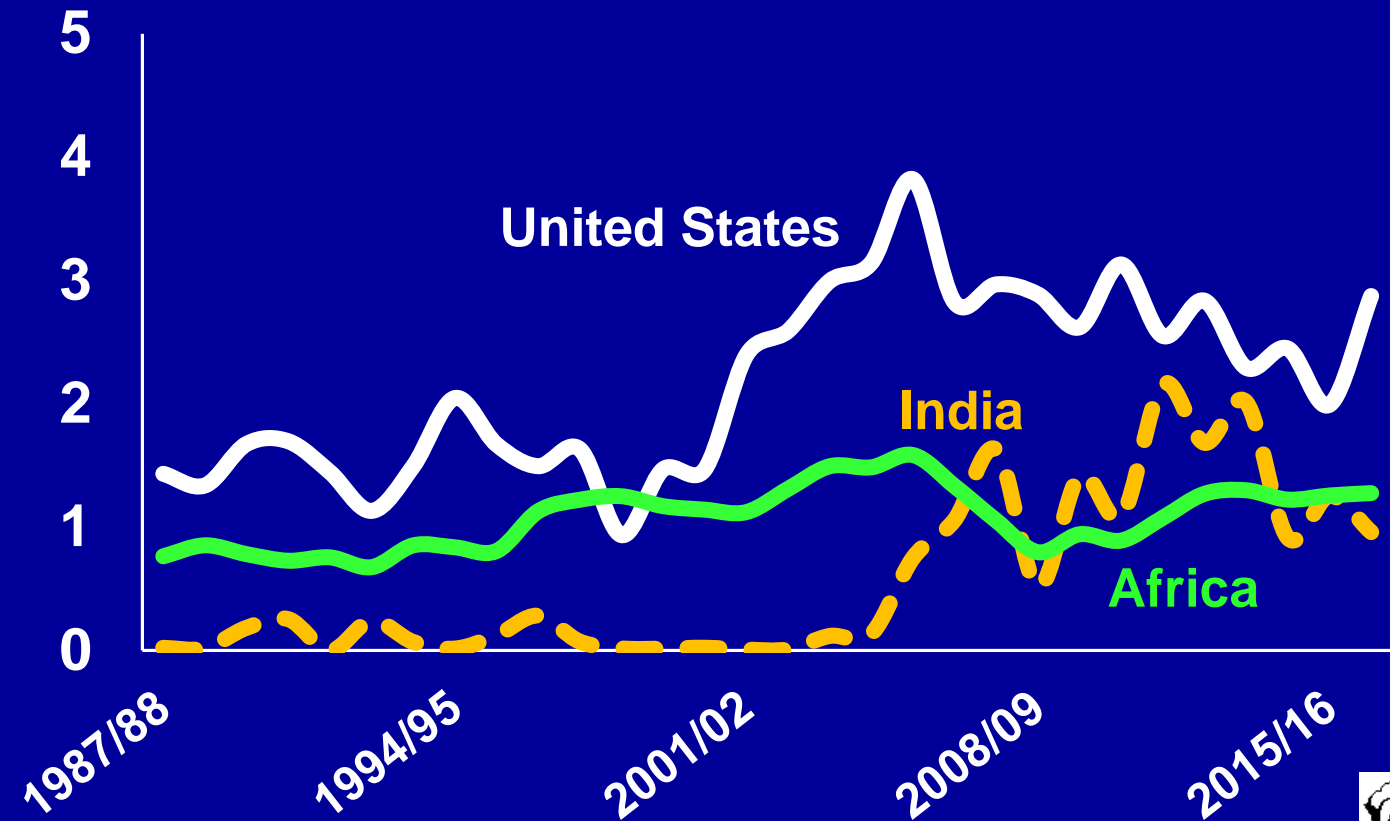


2016/17



COTTON EXPORTS IN THE PAST 30 YEARS

Million tons



*Thank you for your
attention!*

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