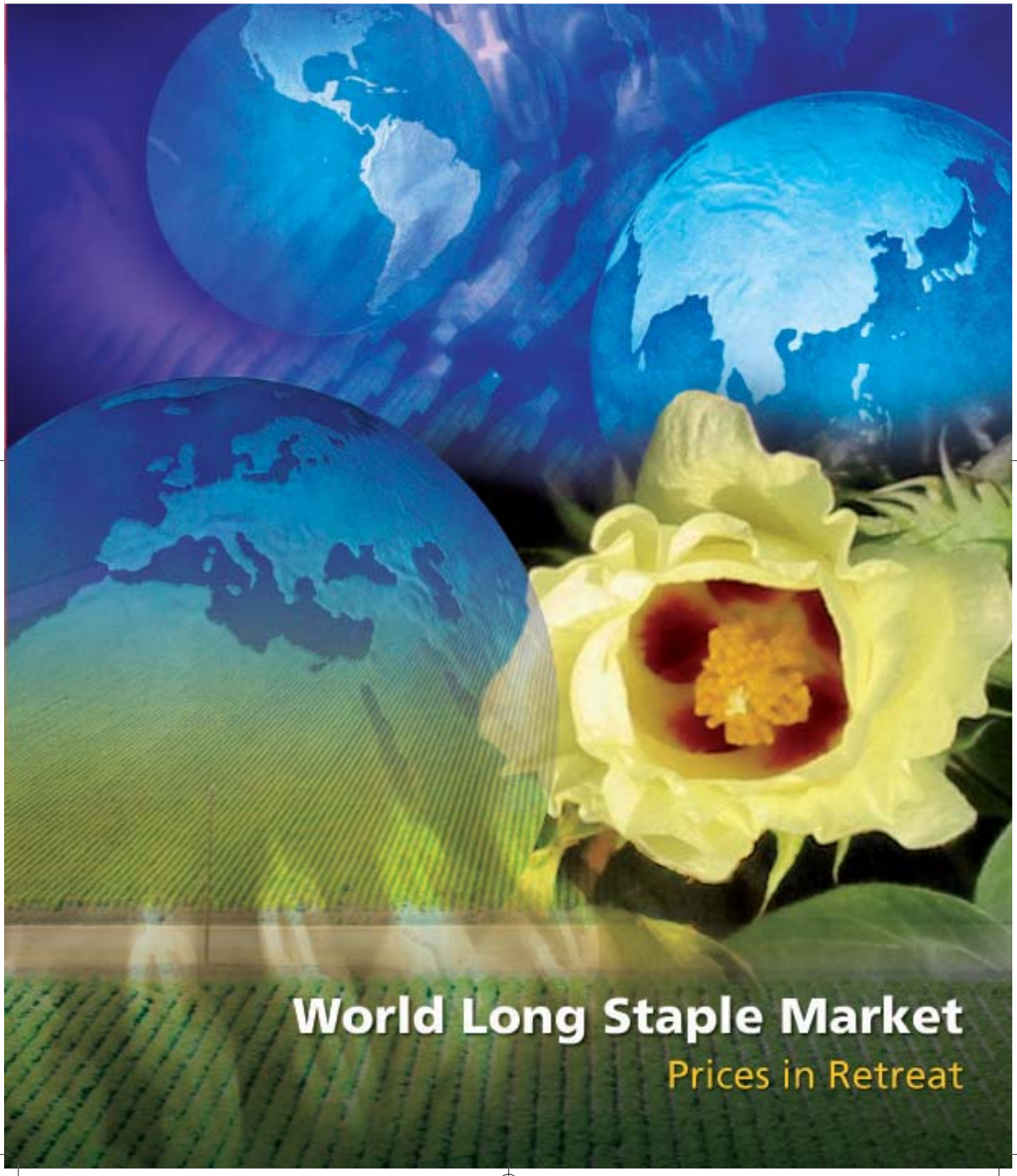
Cotton Outlook

Special Feature

August 2007



World Long Staple Market

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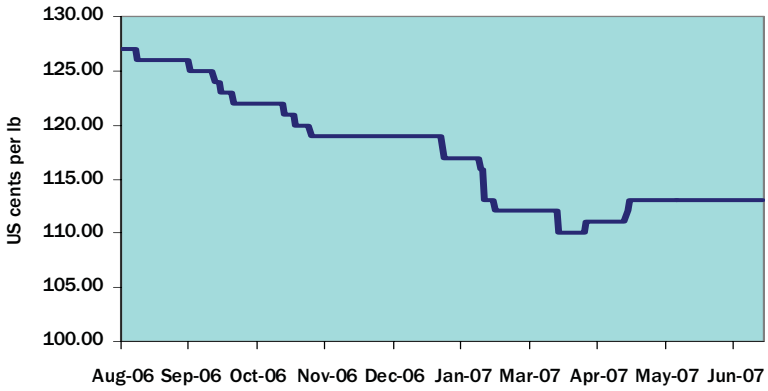
The Long Staple Market

By Mike Edwards, Cotlook Ltd.

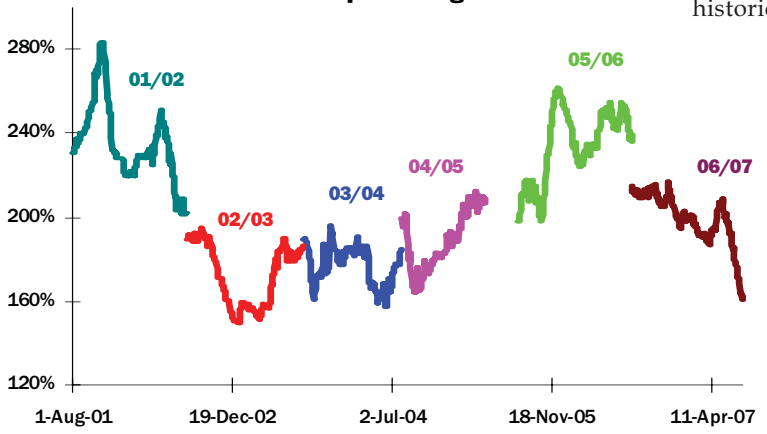
During 2006/07, the world long staple market showed considerably less volatility than during previous seasons. Cotlook's benchmark US Pima quotation declined progressively during most of the period, from its initial level of 125.00 cents per lb (C/F Far East) to a low point in March of 110.00.

Since then, the price has recovered modestly and remained stable at around 113.00/114.00 cents per lb. The 15-cent trading range established this season appears relatively narrow in comparison to the doubtless exceptional 2005/06 season, when prices shared the same low point of 110.00 cents but reached a peak of no less than 145.00 cents per lb.

US Pima Quotation (C/F Far East) - 2006/07 season



US Pima as a percentage of A Index



Relative to prevailing upland values, as measured by the Cotlook A Index, the long staple market began the season at a fairly strong premium, by recent, historical comparison. However, that margin has subsequently been eroded substantially, first by the decline of long staple values themselves and, more recently, by the impressive, late-season advance of the upland market. At the time of writing, the long staple premium (at around 62 percent) is as narrow as at any time since the 2002/03 season.

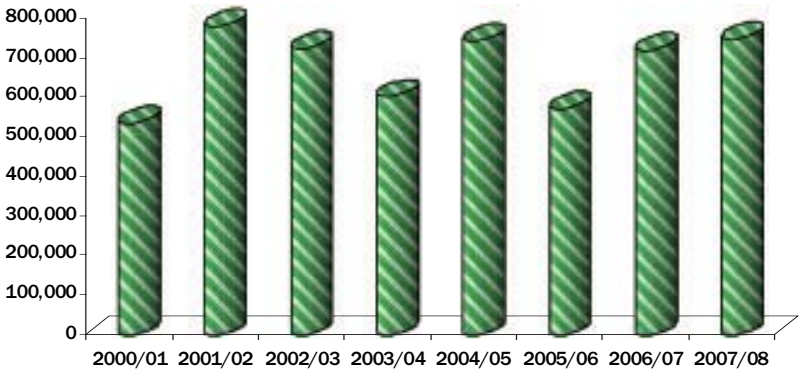
Having declined significantly in 2005/06, global production of *barbadense* cottons recovered strongly in the 2006/07 season, which according to our latest estimates should have produced a crop modestly in

World Extra Long and Long Staple Output
tonnes

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
United States	84,717	152,943	147,683	94,122	162,335	137,275	**167,000**	**165,000**
Egypt	210,072	316,618	289,765	197,568	295,153	201,170	**212,946**	**225,000**
of which:								
ELS	30,973	51,262	65,812	58,386	77,555	43,534	**53,864**	**38,500**
LS	176,751	261,909	220,535	138,562	214,077	157,635	**159,064**	**186,500**
Sudan	21,000	30,000	54,000	48,000	50,000	44,000	**21,400**	**35,000**
Uzbekistan	11,200	17,000	16,500	17,000	14,000	10,000	**12,000**	**6,000**
Tajikistan	10,000	18,000	33,000	17,000	13,500	8,000	**10,000**	**6,000**
Turkmenistan	20,000	30,000	24,000	27,300	22,900	12,000	**25,000**	**20,000**
India*	85,000	80,000	60,000	70,000	69,700	51,850	**68,850**	**75,000**
Peru	12,537	6,000	3,600	4,048	8,000	9,211	**7,000**	**6,000**
China	61,600	97,100	70,000	113,500	86,500	80,000	**170,000**	**180,000**
Israel	8,000	19,000	16,500	7,300	14,000	11,500	**18,500**	**19,000**
Australia	3,300	7,945	1,362	114	392	300	**300**	**300**
Others	4,000	3,000	4,000	4,000	4,000	3,000	**3,000**	**3,000**
TOTAL	531,426	777,606	720,410	599,952	740,480	568,306	**715,996**	**740,300**

** includes cotton with staple of over 33mm*

World Long Staple Output (tonnes)



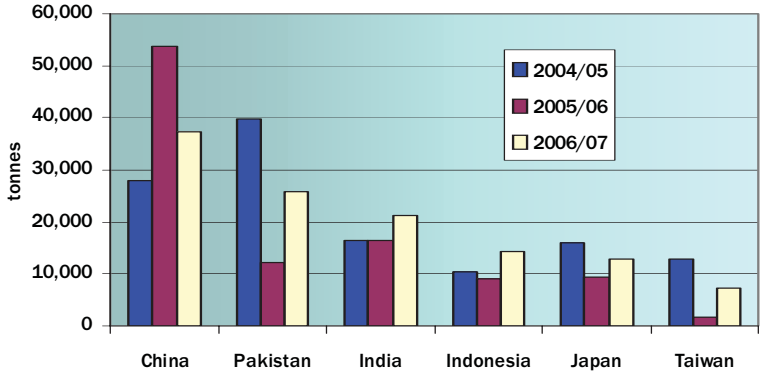
excess of 700,000 tonnes. On present indications, a crop of similar, or slightly larger proportions should be achieved in 2007/08. Current world production is thus at the upper end of output over the past 10 seasons, which ranges from 514,000 tonnes in 1998/99, to 777,000 in 2001/02.

The two main suppliers to the world market, Egypt and the United States, display contrasting trends. A record Pima crop was achieved in the latter country in 2006/07, and current forecasts suggest a crop of similar size in 2007/08. As Matt Laughlin suggests elsewhere in this publication, the new season's US Pima crop has recovered well from weather-related setbacks earlier in the year.

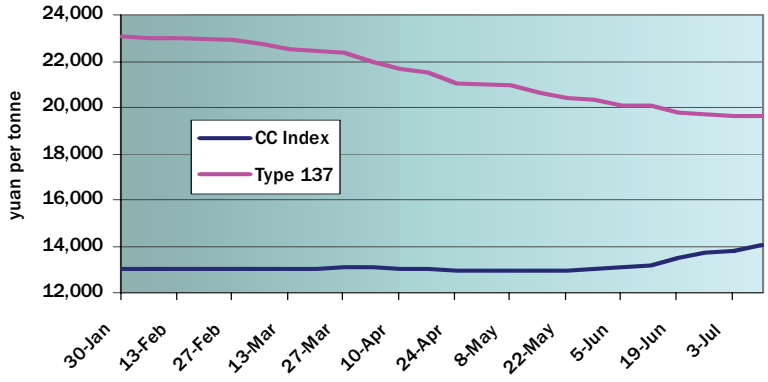
With export sales commitments by mid-July close to 685,000 running bales (of which about 90 percent had by then been shipped), the 2006/07 US Pima crop is well sold.

As can be seen in the accompanying chart (which represents the position in early July), sales of US Pima to most of the major export markets, having dipped in 2005/06, recovered during 2006/07. The principal exception to that pattern is China. Demand from

Major Pima Markets



Chinese long staple versus upland prices



* Source: Beijing Cotton Outlook

that country was exceptionally strong in 2005/06, but fell back in the season just ended, a development no doubt related to the strong advance of domestic output, of which more below. China was nonetheless the single largest destination for US Pima in 2006/07.

In contrast, the 2006/07 season will have seen a rebuilding of stocks in Egypt, to which slower exports and substantial imports have contributed, as well as a modest recovery in production. The uncommitted supply most readily available for prompt shipment thus resides in that country. However, it is noteworthy that a large portion of that carryover consists of the long staple Giza 86 variety, which also represents a larger proportion of new crop plantings.

Unexpectedly, however, one other potential source of supply is China. Perhaps the most striking feature of our world production table is the sharp increase in long staple production in China, the background to which is explained in the article by Ms. Liang Wenying.

The sudden rise in output has not been without difficulties on the marketing front. Chinese domestic long staple prices during the second half of the 2006/07 season declined progressively, in contrast to the strengthening of upland values (as measured by the China Cotton Index).

At the time of writing, some tentative export offers of Chinese Type 146 are again discernible on the international market, though no business has yet been confirmed, and the potential for sales remains rather unclear – at least at the levels currently quoted. Chinese long staples have of course been absent from the world market for some considerable time, and the task of persuading spinners to accommodate the growth in their blends may thus be a challenging one.

An unexpectedly brisk spate of purchasing in late June and early July saw this season's modest Sudan Barakat crop taken up from origin virtually in its entirety.

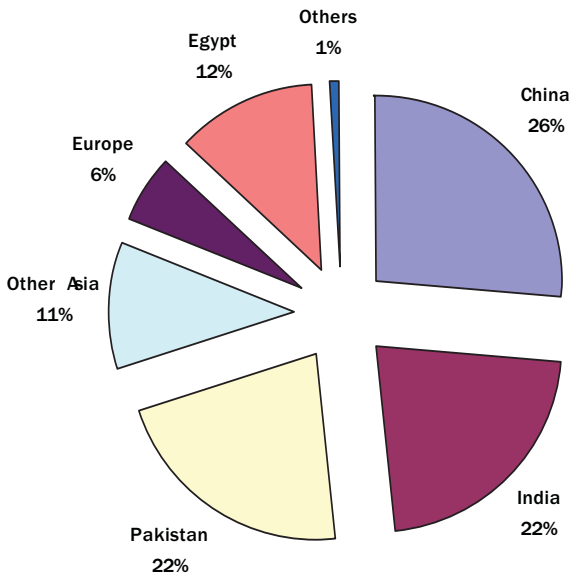
Notwithstanding these various developments on the supply side, the international long staple market at present appears largely devoid of momentum. By all accounts, fine count spinners are covering their requirements in hand-to-mouth – and price-conscious - fashion.

Moreover, an assessment of the scale of those needs remains as difficult as ever to determine with any degree of accuracy. Writing in our 2005 Long Staple Special Feature, Mr. Edy Hegetschweiler, a merchant well-versed in the trading of long staple cottons, lamented that *"very basic information is not available… there exists no detailed and reliable information on the geographical distribution of ELS consumption"*.

World Extra Long and Long Staple Production
tonnes

	2006/07	2007/08
Americas		
United States	9,798	9,500
Mexico	435	435
Peru	10,000	10,000
Europe		
Italy	10,000	9,000
Switzerland	8,000	7,000
Germany	5,000	4,500
Turkey	5,000	5,000
Portugal	4,000	4,000
Czech Rep	2,500	2,000
Slovak Rep	2,500	2,000
Spain	800	600
Asia		
China	170,000	180,000
India	140,000	140,000
Pakistan	55,000	55,000
Indonesia	15,000	16,000
Japan	13,000	16,000
South Korea	11,000	12,000
Bangladesh	10,000	10,000
Thailand	10,000	10,000
Taiwan	7,000	8,000
Turkmenistan	4,000	4,000
Hong Kong	650	650
Africa		
Egypt	80,000	80,000
Others	4,500	4,000
Total	**578,183**	**589,685**

Distribution of Long Staple Consumption



That lack of transparency has no doubt been compounded by the fact that the past few years have seen major changes in the pattern of international trade in textiles, which have inevitably had an impact on the distribution of fine count yarn production around the world. While the contraction of long staple consumption can be tracked with relative ease in markets such as Italy and Japan, by simple reference to import data, a precise estimate of the situation in the large and growing markets of the Indian sub-continent and China is more problematical.

In an attempt to meet that challenge, we publish here, for the first time, our best estimates of world raw cotton consumption of *barbadense* cottons. We recognise that this initial endeavour is likely to contain errors and omissions. Needless to say, any corrections or comments that might contribute to the statistical debate will be received with thanks.

Our initial estimate of world consumption implies a more than comfortable global supply position in 2006/07, which may persist in the season ahead, with an apparent, global surplus in excess of 150,000 tonnes. This is not inconsistent with the decline of prices during the season, and the relative lack of price volatility mentioned above. According to our figures, India, Pakistan and China represent 70 percent of world consumption.

Even if one could be confident about the distribution of fine count spinners, a further source of uncertainty arises from the degree of price-related 'elasticity' that characterises long staple consumption.

This indeterminate factor complicates any attempt to assess demand in this sector of the market. The rather dull trading conditions alluded to have led some observers to wonder whether the overall market may indeed have shrunk, at least for as long as the premium over upland styles appeared prohibitive to prospective buyers. It remains to be seen whether the sharp rise of the upland market over the past few weeks will significantly alter perceptions, perhaps rendering certain long staple origins attractive once again.

A relevant factor in this regard must be the general tendency of upland staple length to improve in recent years. In the view of many observers, under certain market circumstances, the dividing line between premium staple (say, above 1-1/8") upland styles, and genuine *barbadense* cottons may have become less clear-

cut than before. The option of incorporating the former into their blends may be one response to an intensely competitive global textile market, in which the achievement of margins that reflect higher raw material costs remains a struggle for fine count spinners as for their counterparts in other sectors of the industry. It is interesting to note from Menahem Yogev's contribution that Israel is increasing the area devoted to a *hirsutum/barbadense* hybrid, intended to marry the benefits of varieties from each species.

A further interesting perspective on a similar theme - but viewed from the standpoint of ginning technology – emerges from Ross Rutherford's review of the latest advances in roller-ginning technology. Higher-speed roller-ginning not only promises to enhance the economics of long staple lint production, but also has the potential to invest upland cotton with some of the desirable quality characteristics traditionally associated with long staples.

The long staple market has led the way in complementing price and quality with more modern but (in the context of inter-fibre competition) no less crucial concepts, such as brand recognition and traceability. Nowhere has this been more effective than in the United States, whose Supima brand ranks as an exemplary exercise in 'market building', to which the inspection programme outlined in this issue adds a further dimension.

Egyptian Statistical Review

By Cotton Outlook's editorial staff

The area planted to the 2007/08 crop of some 246,500 hectares (according to the Cotton Arbitration and Testing General Organisation) represents a moderate recovery from the previous season's 231,000 hectares, but is smaller than the 274,000 hectares devoted to the 2005/06 crop. Based on the average yields achieved in recent seasons, a lint outturn in the region of 225,000 tonnes might be in prospect.

An appreciable shift in the respective share of long and ELS varieties has occurred, the proportion of overall area devoted to the latter falling from 27 to 18 percent. This season has also seen the abandonment of the Giza 70 variety, the demise of which has only partially been offset by increased plantings of Giza 88.

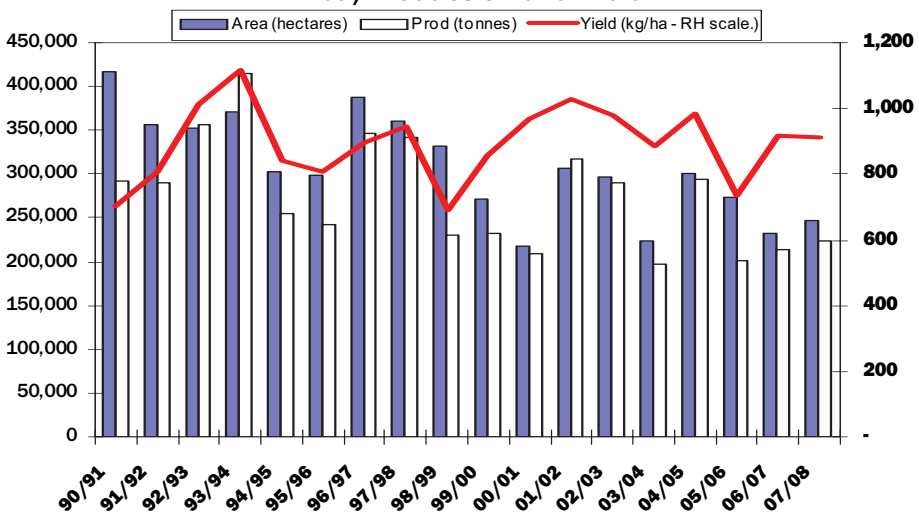
The area sown to Giza 86, in contrast, has increased, both in absolute terms, and as a proportion of overall plantings. According to CATGO's figures, that variety will represent 57 percent of new crop plantings, up from 50 percent in 2006/07. Some private observers believe the share of Giza 86 will prove even higher. Since the same variety also represents a substantial proportion of the anticipated carryover at the end of the 2006/07 season, the prospective supply of Giza 86 appears abundant.

Supply & Demand (Egyptian and Imported)

Carryover September 1, 2006*	**25,000**	
2006/2007 Production (tonnes)	213,000	
Imports	115,000	
Total Supply		353,000
Domestic Consumption	200,000	
Exports	75,000	
Total Disappearance		275,000
Carryover September 1, 2007	**78,000**	
2007/2008 Production	225,000	
Imports	95,000	
Total Supply		398,000
Domestic Consumption	210,000	
Exports	105,000	
Total Disappearance		315,000
Carryover September 1, 2008	**83,000**	

** including 14,583 tonnes of domestic cotton, according to CATGO*

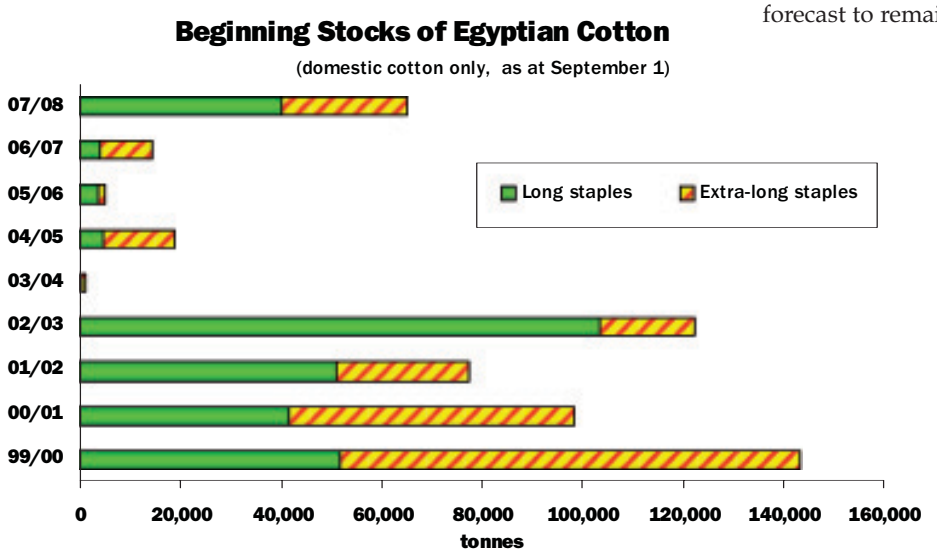
Area, Production and Yield



The table above endeavours to estimate Egyptian supply and demand, including both domestic and imported cotton (for which no detailed consumption and stock figures are available). The figures point to a substantial rebuilding of stocks during the 2006/07 season, to which modestly higher production, substantial imports and the

slow pace of exports have all contributed.

As for next season, domestic consumption is expected to show some growth, as new investments come on stream. Our tentative supply and demand figures for 2007/08 also assume that the more comfortable domestic supply position – and the recent narrowing of the gap between upland and long staple values - will cause imports to fall somewhat, and exports to recover. End-season stocks are nonetheless forecast to remain comfortable.



The table on the left focuses solely on the season-by-season fluctuation of stocks of Egyptian cotton. As can be seen, the estimated stock position at the beginning of the 2007/08 season (which is based on a simple extrapolation from CATGO's figures at mid-July) appears more comfortable than for several seasons. In addition, it will be noted that the relative share of Long Staple and ELS varieties has shifted in favour of the former.

US Pima: "demand will dictate ultimate supply"

In this interview, Matt Laughlin, Marketing Manager of J. G. Boswell Company, offers some insights into the short and longer term outlook for Pima production and marketing.

Cotton Outlook: It is understood that J. G. Boswell Company is one of the largest row crop farmers in the United States, possibly in the world. Can you give us some sense of where American Pima fits into the Boswell operation?

Matt Laughlin: Pima cotton remains our core crop, which is complemented by tomatoes, wheat, seed alfalfa and hay alfalfa.

CO: How is this season's Pima crop looking?

ML: The crop was planted early, particularly in comparison to the two previous seasons' crops, but inconsistent weather through April and early May slowed development. However, beneficial temperatures and conditions had returned by mid-May, and the crop recovered nicely. We would rate it at average to slightly better-than-average, and ahead of development from the two previous crops at this time.

CO: We saw a record crop in 2006/07 and, based on our current forecasts, output in 2007/08 may be of similar proportions. How much higher can Pima output go? What are the main constraints?

ML: Demand will dictate ultimate supply and, right now, we are barely keeping pace with growing demand. Although the United States produced a record-high 765,000 bales of Pima in 2006/07, total offtake is expected to reach or exceed that amount. And the relatively small remaining inventory (on August 1) will likely be shipped prior to completion of the new crop harvest. It appears the market can handle about 800,000 to 850,000 bales of annual (US Pima) supply, at a landed price range of $1.10 - $1.20. That can change depending on ELS cotton supply from Egypt and China, but current demand conditions certainly support that price and supply level. In addition to competing ELS supplies, other factors affecting future US Pima production will include continued viability in California, where more than 92 percent of the country's Pima is produced. Fiber price, rising costs, water availability, government program support and attractive crop alternatives will all influence annual Pima production in California and the US.

CO: Over 80 percent of the US upland crop is now GM cotton but a far smaller proportion of LS production. Is

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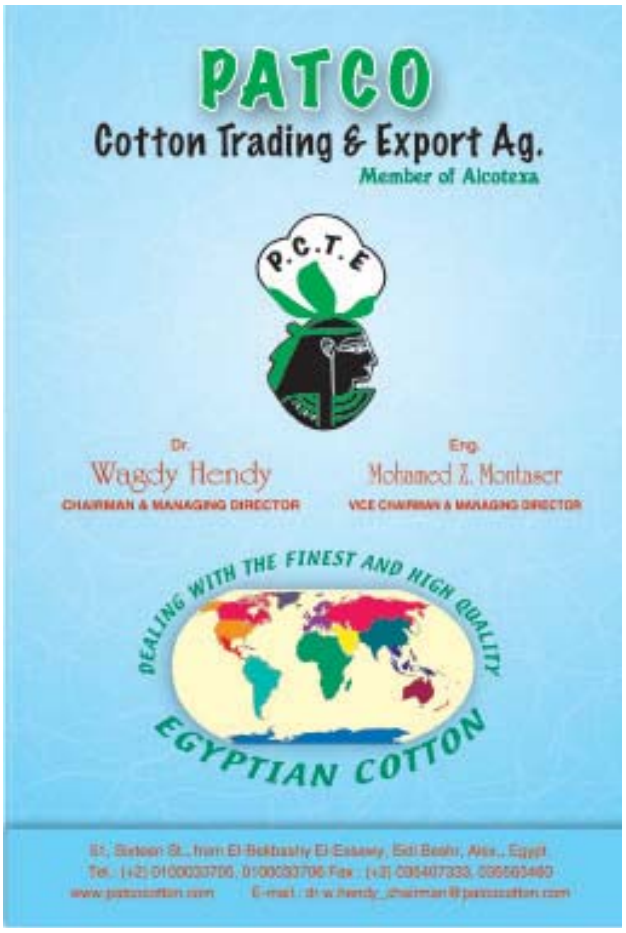


the GM route one that Pima producers will pursue more vigorously than they have done hitherto?

ML: Pima still represents just 3 to 5 percent of annual US cotton production, so investment in new Pima varieties is limited. Producers would always like to have more tools from which to choose, but we also understand the economics of the environment. We believe there will eventually be some GM varieties available in Pima, but GM Pima will continue to lag behind upland in both development and use.

CO: Like US upland cotton, Pima has become essentially an export crop. What are the implications of that for a major producer such as J. G. Boswell?

ML: US Pima has long been more export-driven than domestic, and that customer profile will continue. The majority of all cotton produced in the Far West has historically been shipped overseas, so the percentage didn't change much when we (JGB) transitioned from an Acala/Pima crop mix to 100 percent Pima six years ago. There are, however, still some high quality spinners in the US that continue to consume US Pima cotton. The cotton will go to wherever it can be most efficiently and cost-effectively spun into the highest quality yarns.

CO: Three markets (China, Pakistan and India) accounted for roughly 50 percent of export sales in 2006/07. Two of those are themselves long staple producers. Is that a concern?

ML: Currently, China, Pakistan and India are the leading producers of fine count yarns. Competition in every product and market segment is good for consumers, and that applies to cotton and yarns as well. However, US Pima cotton has some fiber properties that are lacking in the ELS cottons produced in China and India. It would make sense that both of those countries would work towards less dependence on outside sources of raw materials, but that kind of success doesn't come quickly. We would expect that both India and China will remain net importers of ELS cotton for the near future and probably longer. We also see all three countries – China, Pakistan and India – increasing their output of fine count

yarns, thus increasing their requirements for ELS cotton.

CO: How would you sum up the importance of the Supima® brand to marketing of your raw material? What are the latest initiatives in that regard?

ML: It takes time to build brand awareness and customer loyalty, but Supima has enjoyed tremendous success in the 20 years that U.S. Pima has been in the export market. They have done it the right way, by staying focused on quality, which isn't always easy when working with a commodity. By aligning itself with selective high-end retailers and apparel and home textile manufacturers, Supima has gradually developed a trademark that is associated with premium products. And those branded products must be made with U.S. Pima cotton. Supima cut its teeth in the 1990's in the bed and bath market, which helped to establish credibility for its brand with the coveted consumer demographic of 25 to 40-year-old women. Supima was then able to leverage that recognition in the high-growth contemporary fashion market, where that same consumer demographic wields the most influence. And, by partnering with high-end retailers and apparel brands to develop new sources of demand such as denim and the women's luxury knit market, Supima is helping to drive Pima consumption higher. Additionally, Supima has begun hosting premium fabric shows in New York that focus exclusively on Supima-made fabrics.

It takes a long-term commitment and plenty of industry support to achieve success in the highly competitive textile business, and Supima has proven to be a model of vision and perseverance.

CO: Debate regarding the 2007 Farm Bill is well under way. What do Pima producers expect from the new legislation, and what do they need?

ML: Unlike U.S. upland cotton, American Pima has a history of only limited use of government programs. Well before California entered into Pima production 17 years ago, American Pima cotton producers closely regulated their own production as a means of protecting a market niche. That "allotment" system was abolished 24 years ago in an effort to open Pima up to the global market. For the most part, all Pima producers also grew upland cotton, so there was some inherent protection provided, indirectly, through government support on the upland side. Pima cotton, meanwhile, primarily operated with a true safety net, no frills loan program. The provision for deficiency payments was eliminated many years ago. Today's US Pima loan program offers 10 months of government stewardship at fiber prices that do not cover production costs. However, the fundamental premise of such a "loan" program is just that; it provides temporary relief for what is expected to be a temporary problem.

CO: What would be the implications if the ELS Competitiveness Payment Programme were eliminated, as some anticipate?

ML: That question was largely addressed during the 2006/07 season, in which the ELS Competitiveness Payment Program (CPP) played a much-reduced role in the marketing of the US Pima crop. One thing we learned this past season is that, under relatively stable market conditions, fine count textile mills will confine their purchases to hand-to-mouth status. And as long as a satisfactory supply is available, such a market trend is likely to continue.

CO: Should we be optimistic about the market outlook for American Pima?

ML: Optimism is a farmer's best friend, although low yields can test that resolve. But regardless of a single season's yields and prices, there are plenty of reasons to be optimistic about the market outlook for American Pima cotton. Fine count yarns and the products they support have provided the textile industry a much needed boost. As market demand grows for better quality apparel and home textile products, more and more mills are expanding into finer count, ring-spun yarns. And now that increased consumer demand has carried over to the larger apparel sector, Supima and its producers are well positioned to answer the call.

High-Capacity Roller Ginning – Research to Reality

By Ross Rutherford, Product General Manager, Lummus Corporation, Lubbock, Texas

In an ever-changing marketplace, the cotton industry is constantly striving to find better ways to improve competitiveness. With the reduction in US cotton consumption over the last few years, over 70 percent of US cotton is being exported for spinning abroad. Both Pima and Upland cotton producers are always in search of that improved variety to give them an edge. Additionally, cotton gins have continued to seek methods to process the seed cotton into fiber that better meet the needs of the spinning mills.

While the saw-type cotton gin is, by far, the most prevalent type of ginning found in the world, this process does contribute to fiber damage (increased short fiber content, reduced uniformity, and increased neps), which in turn leads to lower mill efficiency and yarn quality, especially in mills equipped with more modern technology. Roller-type ginning has long been shown to be a gentler way of separating the cotton lint from the seed, but the low capacities typically obtained in traditional roller gins provide an economic barrier to their more widespread application.

Recent advances in research and development between the United States Department of Agriculture – Agricultural Research Service (USDA-ARS) and private industry have produced substantial advances in roller ginning performance, which now offer never-before-seen capacities and performance in machinery that previously could not come close to such results.

Roller Ginning: Background

Roller-type ginning (using either a reciprocating knife or a rotary knife) is used to process long staple Pima cotton around the world. From a capacity standpoint, the rotary-knife roller gin stand is, by far, the higher-capacity option versus its reciprocating-knife counterpart, typically without compromising fiber-spinning quality. Most newer roller ginning facilities in the United States and other regions of the world are equipped with rotary-knife roller gins. The principle of the rotary-knife roller gin is shown in Figure 1 on Page 18.

The seed cotton is applied to the ginning roller, with the separation of fiber and seed taking place as the lint (adhering to the ginning roller) is pulled under the stationary knife (which is exerting high pressure against the ginning roller). The rotary knife directs seed cotton to the ginning point, sweeps cottonseed away from the ginning point, and releases the seed cotton that was not fully ginned to be drawn back to the tip of the stationary knife for further ginning.

Research Summary

Over the last five decades, the United States Department of Agriculture-Agricultural Research Service (USDA-ARS) Southwestern Cotton Ginning Research Laboratory in Mesilla Park, New Mexico has been instrumental in the development of the modern rotary-knife roller gin and has performed extensive research on roller gins in an effort to optimize their performance and develop means by which this performance can be taken to higher levels. Since the mid-1980's, Mesilla Park researchers, including Marvis Gillum, Carlos Armijo and others, under the supervision of research leader, Ed Hughs, have investigated a variety of components of roller ginning operation, not only to make it more effective for improved performance on Pima cotton, but also as a potential cost-effective alternative for ginning Upland cotton for a more quality-conscious marketplace.

Much of this research has been published in the technical journals of the American Society of Agricultural and Biological Engineers and presented at numerous technical conferences, including the Beltwide Cotton Conferences.

Some of the research studies done more recently at Mesilla Park have focused on the optimization of rotary knife load, both for Pima and Upland cotton processing, along with the development of an independent drive for the rotary knife, which allows for automatic control of the roller ginning process, something previously not feasible. Also studied were the designs of the rotary knife itself (number of blades) and stationary knife, in order to maximize performance of the gin stand on different types of cotton. Fiber quality properties (short fiber content, length, nep count) were not compromised in any of the tests as speeds/capacities were increased.

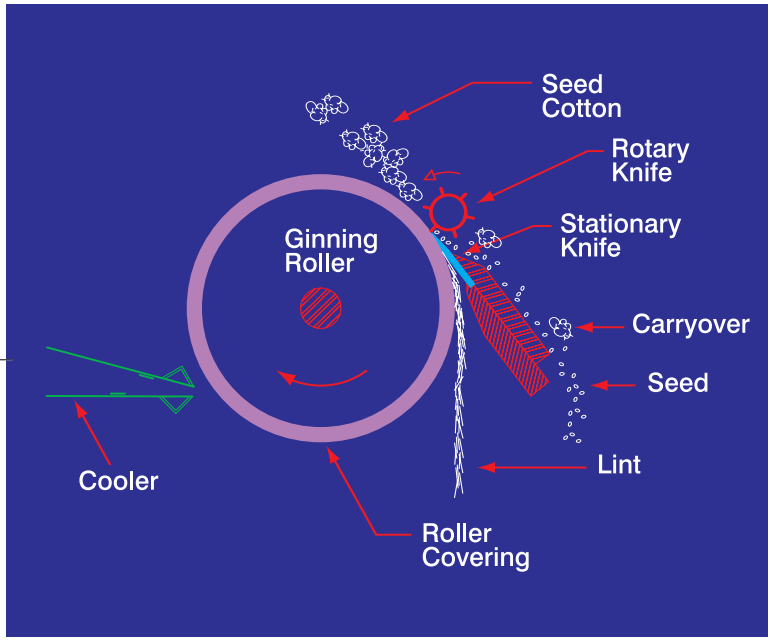


Figure 1. Principle of the rotary-knife roller gin stand. (Courtesy of the USDA-ARS Southwestern Cotton Ginning Research Laboratory.)

The most recent research, published in early 2007, applied many of the concepts learned in previous studies to modify a conventional rotary-knife roller gin stand into a "high-speed" version, through the increase of rotary knife and ginning roller speeds and the increase of pressure between the ginning roller and stationary knife. Other changes to the conventional machinery set-up included modifications to the extractor feeder above the gin stand, increased horsepower for the ginning roller drive, and a cooling system with blower for the ginning roller, to preserve ginning roll life.

In addition to the research performed at the USDA-ARS laboratory gin in Mesilla Park, two roller gins and feeders at a commercial gin in Arizona were converted into the high-capacity configuration. With Pima cotton's weaker fiber attachment to the seed, substantial capacity increase would certainly not be unexpected. However, due to Upland cotton's stronger attachment force to the seed, the true test would be in processing Upland cotton through the machinery. The studies from the gin lab showed that the high-speed roller gin stand could gin Upland cotton at nearly the same rate and at the equivalent power of a conventional saw gin stand. More encouraging was that the Upland fiber ginned on the roller gin was more than one staple length longer and had fewer short fibers and neps.

From Research to Market

Since the most recent work performed at Mesilla Park was carried out on Continental, Consolidated, and Lummus machines, the overall concepts were universal in nature and, thus, could be applied to any one of these companies' designs. Lummus engineers took a keen interest in this body of research, as there are over 400 Lummus roller gins and feeders in operation around the world. In fact, Senior Vice President and Chief Technology Officer, Don Van Doorn, collaborated with the Mesilla Park staff and co-authored one of the research publications in 2004. Joe Thomas, Lummus Vice President of Technology, and the entire Lummus engineering department, worked closely with researchers Armijo and Gillum to design conversion kits for upgrading existing roller gins and feeders (regardless of manufacturer) to the high-speed configuration. Fourteen Lummus roller gins and feeders, all in California, were converted in 2006 and operated during the 2006 ginning season.

In early 2007, Lummus introduced the all-new Series 2000 roller gin and feeder, which incorporates all the upgrades and concepts into a production machine. To date, 15 new roller gins and feeders have been sold for installation in California, Arkansas, and Brazil. While the California and Arkansas installations will process primarily Pima, the Brazil installation will be focusing on processing Upland, in order to produce a premium fiber for the market.

And from here?

With the continued demand from the world textile industry for longer, more uniform fiber, with less neps, the results from the studies of high-speed roller ginning certainly make for a promising scenario in quality ginning. Until now, while the quality properties of conventionally roller-ginned cotton have been good, the reduced ginning capacities resulted in economic infeasibility for roller ginning any type of cotton other than Pima. Today's improved cultivars of Upland cotton, processed with ginning and lint cleaning technology that can preserve the important fiber quality properties for the mill, create the potential for an exciting new frontier for this king of fibers!

Ross Rutherford is an agricultural engineer and the Product General Manager for Lummus Corporation in Lubbock, Texas.

Supima Partners with SGS to Build its Brand and Strengthen its Licensing Program

By Buxton Midyette, VP Marketing & Promotion, Supima and Graham Fogg, Agricultural Services, SGS North America Inc.

Introduction

If you are looking at a towel or shirt labeled as being made with American Pima, Egyptian or Turkish cotton, how certain can you be of its authenticity? Verifying usage of cotton from a specific origin or variety type is a challenge that many of the cotton industry's top minds have long tried to solve.

For Supima, the promotion and marketing organization for the American Pima cotton industry, verifying fiber content and origin is critical to the maintenance of its premium image in the marketplace. In order to certify product to be branded as Supima, Supima has developed a rigorous combination of documentation and inspections to verify fiber usage.

Brand Value

Supima is the only cotton in the world that is marketed according to its origin, variety and quality. Fine cottons are often marketed according to country of origin. However, country of origin is no guarantee that the cotton meets ELS standards. Additionally, generic trade names used to describe cottons do not necessarily serve as a warranty for quality.

Supima labeling is the only assurance that the product being purchasing is made of luxury ELS cotton. Supima's exceptional fiber characteristics translate directly into optimum performance for fabrics used in both apparel and home fashion goods:

- **Supima Softness:** Supima's extra fiber length creates softer, finer fabrics that have a more supple drape. The length also creates a "cleaner", more lustrous fabric surface less prone to pilling.
- **Supima Color:** Supima's fiber uniformity in terms of fiber density and weight means that Supima absorbs dye at a more even rate that will produce more vibrant and lasting color in fabrics.
- **Supima Durability:** Supima's fiber strength adds durability and the ability to withstand the application of performance finishes, such as non-wrinkle and anti-microbial, that can significantly weaken fabric strength.

Unauthorized use of a substitute fiber in a Supima labeled product can undermine a fabric's characteristics and performance and negatively impact the appearance of the final good. For this reason, Supima has made fiber verification a core focus of its brand development.

Trend Towards Premium Cottons

For many brands and retailers, cotton origin and type is not an issue because the cotton content of their apparel and home fashion products are labeled generically as 100% cotton. However, consumers are becoming more and more aware of the benefits of premium cotton. As a result, many retailers and brands have begun to market premium cotton as a prominent product feature that adds aesthetic and performance features to a product.

Distinct origins and varieties of cotton are now finding their way onto the specification sheets that brands and retailers create when bidding out apparel and home product programs to manufacturers. Retailers and brands are increasingly requiring their suppliers to document their usage of these special cottons. This insistence has implications that make their way back through the supply chain to the manufacturers, finishers, weavers, knitters and spinners who supply them.

Licensing Program Compliance

Supima requires its licensees to provide documentation of their purchases of Supima inputs. This oversight provides final consumers' and manufacturers' confirmation that they are receiving products made of Supima. When you choose Supima, you are truly getting the world's finest cottons.

With the spike in interest in premium apparel and home textiles, the growth of the Supima program has been nothing less than explosive. The record low ending stock projections for American Pima this marketing season are a testament to the growth in demand for Supima cotton. The number of manufacturers in the Supima licensing program has also grown rapidly to meet the demand for Supima fabrics.

Supima licenses all companies who take ownership of the fiber through all stages of processing, from spinning, fabric formation on to production of the final good. All companies involved in this process must provide Supima with documentation of their fiber inputs as well as documentation of their sales, which should line up for the amount of inputs being utilized.

While this licensing approach is effective in most cases, retailers, brands and manufacturers have requested that Supima create an additional layer of supervision to prevent potential cheating, in terms of fiber usage. Additionally, it was the recommendation of a brand study that Supima initiate an inspection program to increase the value of Supima's trademark by confirming the Supima content of branded-product.

Challenges to Compliance

There are a number of factors that can undermine compliance in fiber promotion programs:

Pricing: There is a significant price premium attached to ELS cottons like American Pima when compared to conventional Hirsutum cottons. This premium creates strong financial incentives to surreptitiously substitute or blend less expensive cottons with premium cottons, while maintaining premium branding.

Availability of local supply: Domestically-grown cottons may make it more convenient for manufacturers to procure fiber inputs locally instead of by imports.

Lack of definitive testing: Because there is no completely objective scientific means of testing for cotton content in a finished good, once accomplished, cheating can be hard to prove in a legal context. Companies must be relied upon to report their usage honestly.

Operational flexibility: Overall, most manufacturers want to preserve as much freedom as possible to make substitutions for inputs. Constraining their ability to source fiber is something most manufacturers resist.

The Federal Trade Commission (FTC) takes the issue of fiber labeling on apparel and home fashion very seriously. According to the FTC, the fiber content statements must list the generic name of each fiber that equals 5 percent or more of the product's weight, in order of prominence. Listing of various types of cotton, Egyptian, Peruvian, Supima is allowed but 100 percent of product weight must be accounted for, including any Upland cotton that is used in the product.

Supima cotton apparel

Inspection Program with SGS

After conducting an extensive review of inspection firms, Supima decided to partner with SGS to conduct the verification of Supima's licensees for their compliance with Supima fiber usage requirements on Supima-branded product. It was a key factor to select the correct partner to ensure we validate and add value to our Licensee Program.

SGS is the one of the world's leading inspection, verification, testing and certification

companies. With more than 48,000 employees, SGS operates a network of over 1,000 offices and laboratories around the world.

SGS Vision

According to Graham Fogg, "at SGS we aim to be the most competitive and the most productive service organization in the world. Our core competences in inspection, verification, testing and certification are being continuously improved to be best-in-class. They are at the heart of what we are. Our chosen markets will be solely determined by our ability to be the most competitive and to consistently deliver unequalled service to our customers, both locally and internationally."

SGS Partnership with Supima

SGS has been servicing the cotton industry for many years with traditional services of weighing, sampling and quality verification. When SGS was approached by Supima to verify their licensee program, this provided SGS with the opportunity to develop a tailored service to the specific inspection requirements. It was an exciting challenge, not only to diversify from traditional inspection services, but also for SGS to work across business sectors from the raw cotton supply through to the textile industry.

All SGS work processes are governed by Standard Operating Procedures (SOP). This is the basis of any activity to ensure that standards and consistency of services are maintained right through SGS's global network. The licensee verification is no exception and together SGS and Supima developed an entirely new SOP for the program. Pilot verifications were implemented in 2006 in India, Pakistan and China to evaluate the initial findings before full implementation takes place. In full swing, Supima anticipates conducting verifications of half of the licensee base each year.

The Future

Are consumers more demanding than ever? In today's world the consumer has a right to make choices, whether they are buying organic vegetables or a Supima shirt made from American Pima cotton. The key is the choice that has been made and that consumers can have peace of mind that their choice is authentic.

SGS is always striving to research new technology to improve the delivery of services. In tomorrow's world, testing a garment for the authenticity of the supply chain is certainly a significant goal and can hopefully be attained in the near future.

Conclusion

The inspection program is being instituted in direct response to requests from Supima licensees to verify that all licensees are in compliance with fiber usage requirements. The inspections will provide independent, third-party verification to manufacturers, brands, retailers and consumers that all products labeled Supima are in compliance with fiber usage requirements. SGS estimates that most of the Supima inspections can be fully completed in one day, with a minimum of imposition on licensees.

Supima will always stand for the highest quality of cotton available in the world. It is Supima's objective to make the Supima product offering one that brings both increased profit margins and prestige to our licensees and growers. Supima believes that the inspection program will increase the value of the Supima trademark to all who are involved in our promotional program.

The Outlook for China's Long Staple Cotton Market in 2007/08

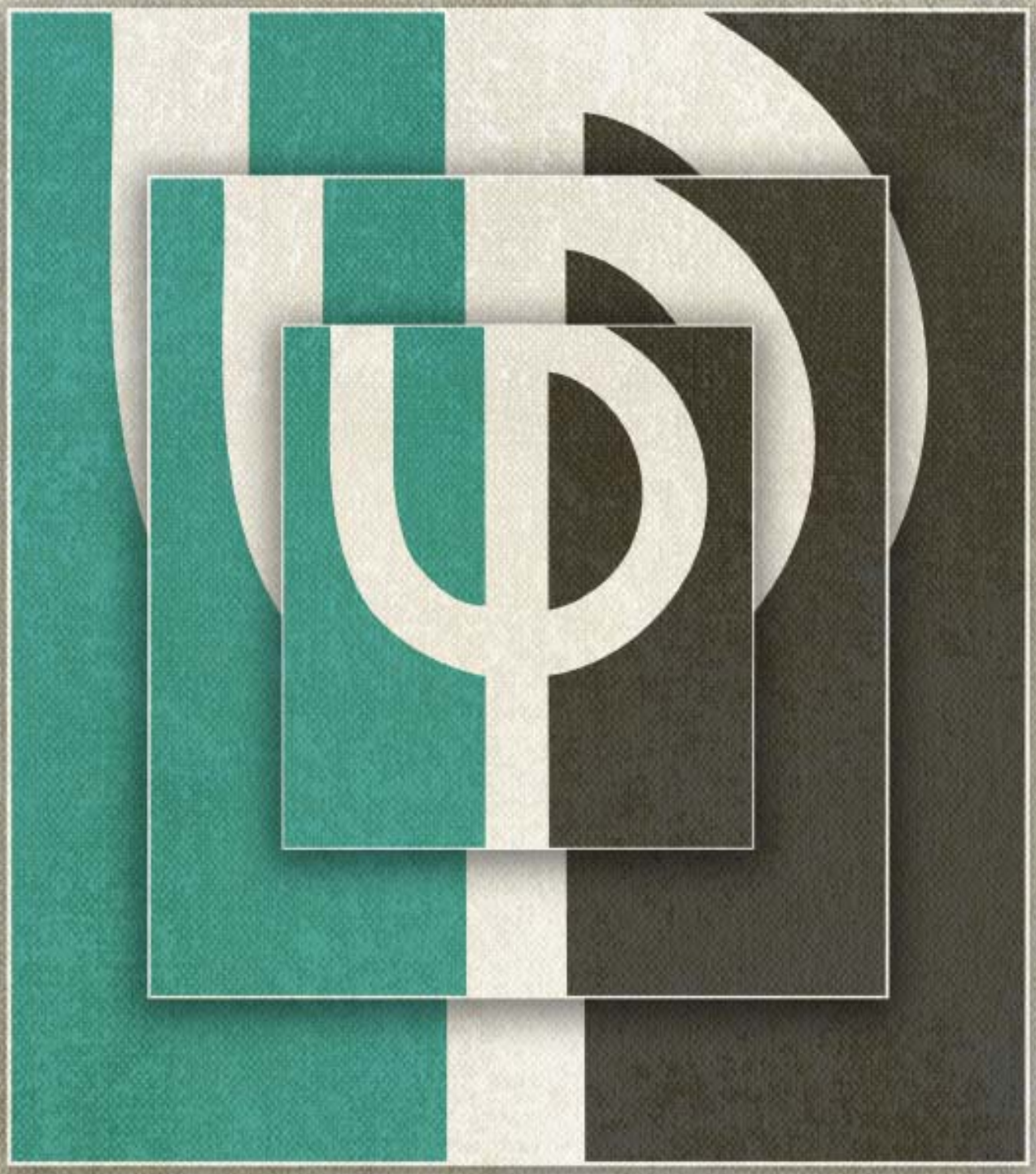
Liang Wenying, Chairwoman, China Nongken Import & Export Co., Ltd.

Strong domestic demand for long staple cotton during the 2005/06 season boosted ex-gin prices to more than 24,500 yuan per tonne, which in turn raised producers' income per unit of area by more than 50 percent, and stimulated planting intentions for 2006. Output in the 2006/07 season reached an historic high, due to a larger acreage and perfect weather conditions.

The major long staple cotton variety in Xinjiang was still "No 21 Xinhai" in 2006/07. This is a variety with early maturity and high output, which is suitable for planting in regions with a light incidence of blight disease, such as Akesu, Kuerle, Kashi and Hetian, among others. This variety is very popular both with cotton farmers and with domestic spinning mills.

Delegates to the 2007 China Cotton Conference visit a field of Long Staple cotton in Xinjiang.

In May of last year, Xinjiang Nongken conducted an investigation, which predicted that long staple cotton area in 2006/07 would surpass 1.058 million mu (about 70,000 hectares), bringing total output to around 110,700 tonnes, on the basis of an average yield of 104.61 kilos of lint per mu (or 1,569.15 kilos per hectare). The final output achieved, however, was far higher than our prediction. Our investigation in May 2007 indicates that the output is around 170,600 tonnes. However, the figure for 2006/07 from the Xinjiang Bureau of Statistics is 185,900 tonnes, on the basis of a planted area of 1,612,700 mu, and a yield of 115.93 kilos per mu (or 1,738.95 kilos per ha).



The art of cotton

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THE COTTON ALLIANCE

The price of long staple cotton was around 23,000 yuan per tonne (roughly 137.00 cents per lb), ex-gin, in November, 2006. At that time the market presented a firm appearance, but prices declined progressively during the period prior to the Chinese New Year in February 2007. There were still around 40,000 tonnes of long staple cotton awaiting sale in the provinces Shandong, Jiangsu and Zhejiang provinces, as of June 2007. The ex-gin prices had weakened to between 18,500 and 19,500 yuan per tonne (about 110.00/116.00 cents per lb).

Local producers in Xinjiang have indicated that there has been an insufficient demand in the long staple cotton market. The main reasons for the slide of prices in the past months have been summarized as follows: **Firstly,** output of long staple cotton in 2006/07 increased significantly. **Secondly,** sales of high counts of cotton yarn, which are mainly produced by long staple cotton, have encountered some difficulties in the export market, owing to factors such as the appreciation of renminbi and the reduction of the textile export rebate rate. Some mills have had to shift from production of high counts to lower counts of cotton yarn. Since overseas orders are insufficient, mills have been obliged to increase output of 40s and 50s yarn instead of 80s and above. **Thirdly,** spinners have maintained a hand-to-mouth raw cotton purchasing strategy, which has resulted in an increase of unsold stocks. **Fourthly,** in southern Xinjiang, certain farmers and traders have mixed different qualities cotton together, even it seems in certain cases with upland cotton. Therefore, in general, the quality of long staple cotton was quite mixed.

So far, domestic mills have not imported Pima and Egyptian cotton in significant volume. Pima has been sold at prices around 109.00/110.00 cents per lb (CIF China ports). This year's investigation indicates that demand for long staple cotton in 2007/08 will be around 180,000 tonnes. The domestic supply and demand in 2008 is basically balanced. Imports of long staple cotton will be moderately lower than during the previous year. Some merchants will be reluctant to sell cotton at lower prices since they do not believe that the marketing difficulties

can be solved with lower prices. It is very hard to predict when demand will increase. Cotton exports are still limited and only a few thousand tonnes of long staple cotton are allowed to be exported each year. It is expected that more than 3,000 tonnes of long staple cotton could be exported through Xinjiang Nongken, before the arrival of the new crop.

Official figures for planted area, yield and total output in 2007/08 are not yet available. The weather at planting time was better than normal in southern Xinjiang, without low temperatures and with few hailstorms. The area damaged by strong winds and sandstorms is also smaller than last year. According to our prediction, the acreage devoted to long staple cotton in 2007/08 will be around 1,545,000 mu (103,000 hectares), yields will be around 110 kilos per mu (or 1,650 kilos per hectare) and total output will be around 170,000 tonnes. However, the trend of long staple prices needs further observation.

(Note: The figures in this article are those available in June 2007).

Sudan's Efforts to Improve Cotton Quality

By Abdelrahman H. Latif, Sudan Cotton Company Limited

Cotton *"Gossypium"* is the major natural fibre crop worldwide. More than 200 million farmers and workers are directly or indirectly employed in cotton production, marketing and processing, worldwide.

The Sudan produces a wide spectrum of cotton staple, from the extra long (extra fine count) through short staple (coarse count). In Sudan, cotton is still considered as the main cash crop, and the major foreign exchange earner. Historically, the cotton plant in Sudan is indigenous. It has been grown for centuries and a number of its wild relatives exists in various parts of the country. Commercial growing of the crop started in 1867, but the big jump of commercial production was in 1926, the first year after completing construction of Sennar Dam, which marked the official start of the Gezira Scheme, on which extra long *barbadense* types were initially cultivated.

This large production has been backed by a strong research programme. The Agricultural Research Corporation (ARC) has an intensive programme to develop new varieties, increase yield and improve quality, in order to meet the latest demands of consumers and better satisfy their needs. As a result, many varieties have been released, including both *hirsutum* and *barbadense,* the three main types being the extra long Barakat (35mm), the medium Barac (67)B (28mm) and the short staple Acrain (26mm).

The research efforts within the ARC's Cotton Program are focused on the improvement of yield and quality. As a result, a series of varieties has recently been developed, namely Elhadi (33mm), Abdin (32mm) and Knight (29mm). However, results have also been achieved in the district trial of varieties such as the S-Pima (Sudan Pima) a top quality cotton, exceeding Barakat in length, strength and fineness. Promising crosses and introductions continue to be characterized by their high quality potential, especially in terms of fibre strength, which is in a range of 40-45g/tex. These continuing efforts promise to enhance and extend the quality of Sudan cotton in the future.

Mean fibre properties for some newly-released varieties

Variety	Length (mm)	Mic.	Strength
Elhadi	33	3.7	37
Siddig	33	3.6	38
Kheiralla	29	4.2	32
Knight	29	4.5	31
Abdin	32	4.4	34

Mean fibre properties for promising extra long lines

	2.5SL (mm)	UR%	Mic.	HVI (g/tex)
1Egy 1	33	85	3.2	41
1Egy3	33	86	3.5	45
1Egy5	35	86	3.3	43
2Egy2	33	88	3.8	42
3-73	35	86	3.2	40
9-50	36	86	4	41

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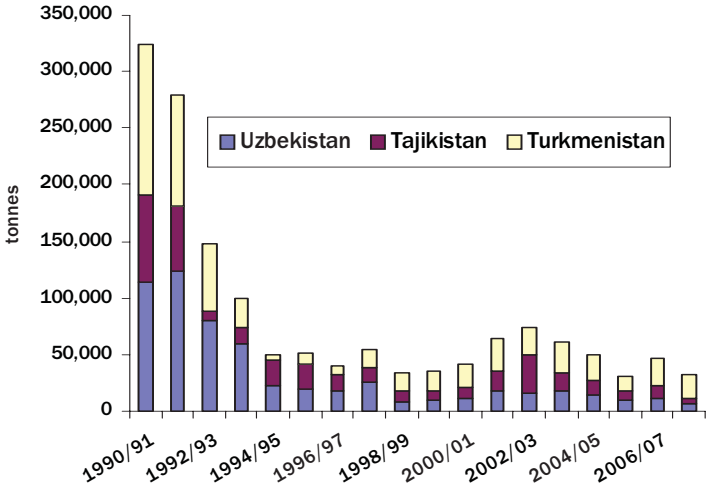
Long Staples in Central Asia

By Galina Fisher, CIS Editor, Cotlook Ltd.

Historical decline

Long staple varieties are grown in three producing countries in Central Asian, namely Uzbekistan, Turkmenistan and Tajikistan. The aggregate seasonal production since the break-up of the Soviet Union has declined dramatically. During the past ten years, production has fluctuated between 73,000 tonnes (in 2002/03) and 30,000 tonnes (in 2005/06), the lowest level on record. The 10-year average is estimated to be around 48,000 tonnes, which represents a mere fraction of the volume achieved in the 'Soviet era' (for instance, in 1988/89, a record production year, some 390,000 tonnes were produced).

Long Staple Production in Central Asia



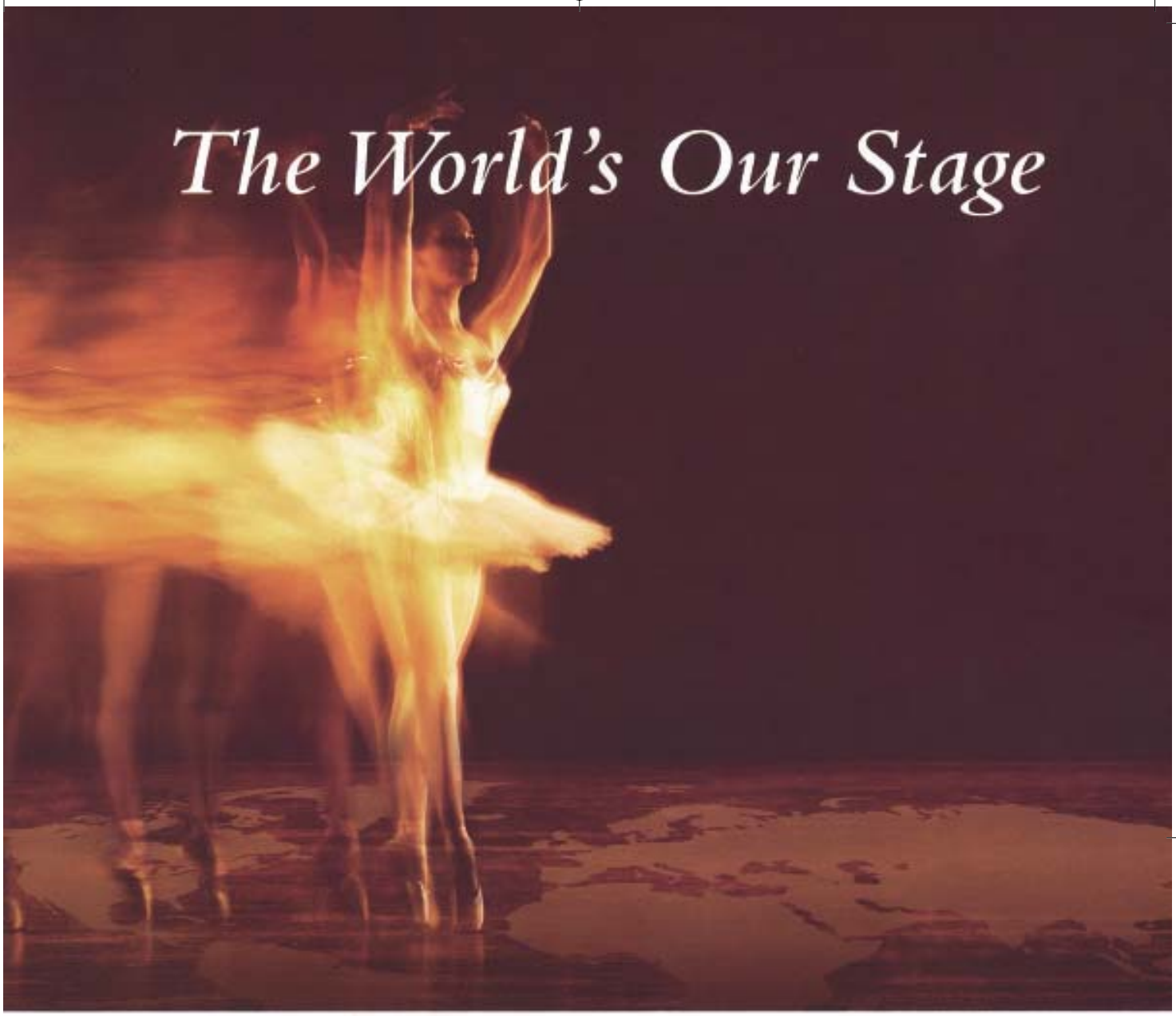
The steady decline recorded during the 90's and the benchmark of low production that has now been established can be attributed to a number of factors: an absence of production targets for such varieties; strong pressure on farmers to meet the overall cotton production target; poor quality planting seeds; lack of investment in research and development; deterioration of ginning facilities. Tajikistan, and to a lesser extent Turkmenistan, have, moreover, experienced a chronic shortage of prime inputs, including fertilisers.

As the bulk of production is exported, the difference in international prices between upland and LS has some limited effect on fluctuations in production from season to season. A more direct impact, however, is derived from weather conditions, particularly at planting time, since they determine whether a crop that typically requires a longer growing period than other varieties can be established.

Tight control of the cotton sectors, combined with a lack of incentives for farmers, would seem to suggest that, unless these countries improve dramatically all aspects of long staple production, from the quality of planting seed to the ginning process, the short to medium-term outlook, at least, is likely to remain pessimistic.

Prospects for 2007/08

Unlike in 2006/07, when aggregate production reached an estimated 47,000 tonnes, weather conditions this spring have been unfavourable. Planting in many areas began later than normal. Some fields had to be re-sown and, at the time of writing this article, an insufficient number of hot days has been recorded. In the circumstances, the rest of the



Olam is dedicated to provide value in the cotton business. We have strong presence in the global supply chain in cotton with a focus on Central Asia, West Africa, East Africa, Brazil and US origins. Our corporate headquarters are strategically located in Singapore which enables us to effectively service customers in Asia and beyond. Our rich heritage and expertise in the cotton and textile business enables us to offer customized risk management and financing solutions.

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Ginning


Quality control


Marketing

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OLAM
Creating Value Is Our Business

	2006/07	2007/08	Difference
Turkmenistan	25,000	20,000	-5,000
Uzbekistan	12,000	6,000	-6,000
Tajikistan	10,000	6,000	-4,000
	47,000	**32,000**	**-15,000**

growing period will need to be favourable for the crop outlook to be encouraging.

Cotton Outlook foresees a decline in aggregate output in the region, in comparison to last season, of 15,000 tonnes, to around 32,000.

Turkmenistan is today the largest producer of this variety in the region, yet the difficulties even in that country are numerous. Akhal and, to a lesser extent, Mary are the two provinces in which long staple varieties are cultivated. In 2006/07, thanks to favourable weather, output reached the highest level for several seasons, of around 25,000 tonnes, according to private estimates. By early June 2007, the bulk of that crop remained unsold, owing principally to low price ideas from international merchants and weak demand from spinners. The prospect of a sizeable carryover was not ruled out.

Despite sowings of similar magnitude to last year and better incentives to farmers in place - in the form of higher procurement prices for seed cotton - the less favourable weather conditions this spring augur somewhat lower yields. Our initial lint production forecast for 2007/08 stands at around 20,000 tonnes.

In ***Uzbekistan,*** long staple output accounts for less than one percent of total production, and cultivation is confined to only one of the 13 cotton-growing provinces, namely Surkhandar, where the climate and soil are most suited. Two long staple varieties are cultivated.

Uzbekistan is probably the only country in the region with well-established research and development facilities for cotton seed varieties. During the past four seasons, a traditional long staple variety, *'Karshi-8'*, was abandoned, to give way to a better, newly-developed seed, *'Denov'*. *'Termez-31'*, a traditional cultivar, is still popular and accounts for nearly 70 percent of the total area planted under long staples. We estimate the area planted in both 2006/07 and 2007/08 to be of similar size at around 20,000 hectares. Our estimate of long staple production in 2006/07 is 12,000 tonnes. Taking into consideration the possible effect of adverse conditions at planting time on potential yield, we have lowered our projection for 2007/08 to just 6,000 tonnes.

As customary, the authorities in ***Tajikistan*** initially anticipated a large area to be covered by long staple varieties – this spring they were hoping that farmers would plant over 56,000 hectares. However, realistically, farmers have not been able to achieve such an ambitious aim for many years. In addition, poor spring weather has further curtailed plantings, which, we understand, have not exceeded 16,000 hectares, representing a decline in comparison with last year area of around 10,000 hectares. Fields devoted to long staples represent only 6 percent of the total area sown.

The main producing region is the southern province of Khotlon. Small areas are also sown in two districts of Sugd province. Two local, traditional varieties are cultivated - 'Vakhsh-9326' and 'Vakhsh-750'. Seed cotton yield is perhaps the lowest in Central Asia, at around 11-13 centner (1,100/1,300 kilos) per hectare, which is attributed to poor quality planting seed, outdated varieties and lack of prime inputs. In 2006/07, an estimated 10,000 tonnes of lint were produced. For 2007/08, our initial forecast is 6,000 tonnes.

Marketing

Local spinners consume very little long staple cotton, and over 90 percent of the aggregate long staple supply is marketed through international merchants to overseas customers. With consumption in Europe and CIS countries declining, the growing trend is for the region's long staple output to be directed towards markets in Asia.

Extra Long Staple Cotton in Israel

By Menahem Yogev, Classing Institute Director, Israel Cotton Board
Mail: mali@cotton.co.il Website: www.cotton.co.il

In recent years, the quality characteristics of Israeli Pima have improved significantly, as a result of breeding new local varieties that consistently give staple length of 1.7/16", strength within a range of 38-41 GPT, Micronaire of 3.7-4.2 and lower neps.

In addition, these new varieties require a shorter season and are less susceptible to leaf diseases.

PIMA: Improving Quality Parameters in the course of Time and Varieties

Years	Micronaire	Length	Strength (gpt)
1994 -2000	3.8-4.4 Av.4.0	1.3/8"	34-37 Av. 36
2000 -2004	3.6-4.1 Av. 3.8	1.7/16"	36-38 Av. 37
2004- 2007	3.7- 4.2 Av.3.9	1.7/16"	38-41 Av. 39

A Comparison of Quality Parameters of ELS Varieties-2007

Variety	Length	Micronaire	Strength (gpt)
Pima	1.7/16"	3.7-4.1 Av. 3.9	38-41 Av. 39
Acalpi	1.3/8"- 1.7/16"	3.5-3.9 Av. 3.7	34-36 Av. 35

Classing results from recent seasons show that most of the crop is Grade 2 (based on USDA standards), with 95 percent attaining Grade 3 and better.

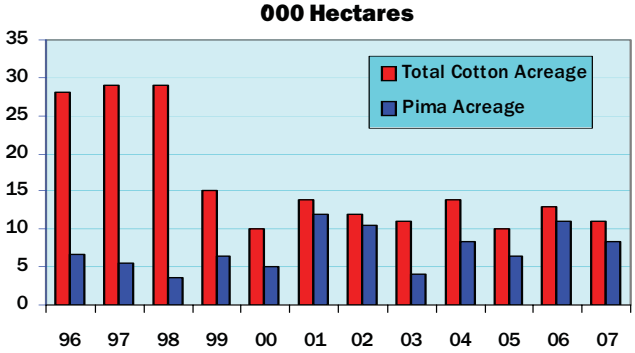
Lint is HVI-classed and marketed according to quality specifications – via international traders. HVI data is available upon request.

Each and every bale is tested for stickiness using *Lintronics FiberLab*. This procedure has been conducted for many years and Israeli cotton is non sticky.

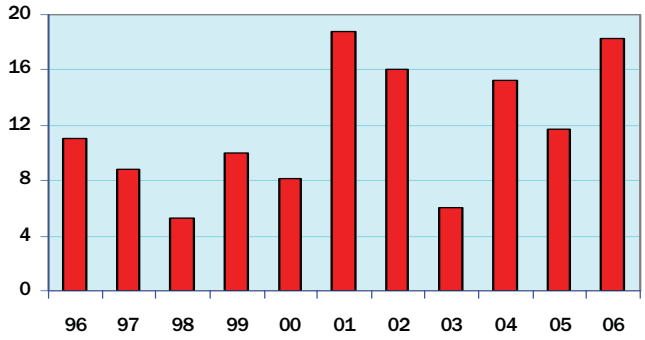
All cotton is mechanically picked and roller-ginned. There are roller gins throughout the country so that the distance from the field to the gin does not influence the quality of the fibre from region to region.

All Israel's cotton is exported, via the international trade, mainly to the Far East (including India) but also to Turkey, European markets and South America.

Total Cotton Area & Pima Area in Israel
000 Hectares

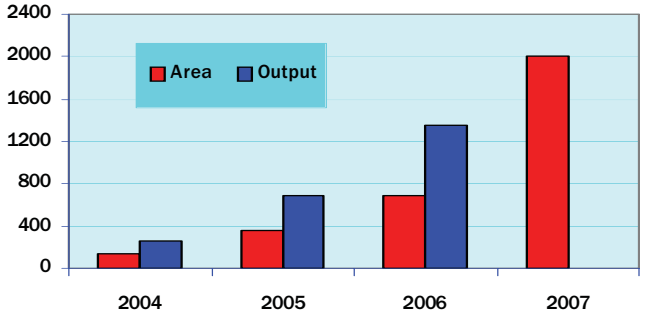


Pima Production in Israel 000 tons



ACALPI is a hybrid of *Gossypium hirsutum* and *Gossypium barbadense* that combines advantages of the two parents: early maturity, high yield, fine fibres and resistance to pathogens. This variety had been tested for a few years prior to its declaration as a commercial seed. Breeders are working on hybrid varieties with higher yields and improved qualities, consideration being given also to saving water and to shortening the growing season.

Acalpi Area (Hectares) & Production (Tons) in Israel



Organic Pima

Last year, Israeli farmers planted two fields (15 hectares) of organic Pima. The main problem they had to deal with was the prohibition of defoliation in organic fields. Since all cotton fields in Israel are machine-picked, defoliation is an essential, pre-picking procedure.

Using very sophisticated drip irrigation, picking and ginning techniques, organic farmers succeeded in producing a yield as high as 1,500 kilos of lint cotton per hectare. Quality parameters – staple length, strength, Micronaire range etc. are the same as those obtained from conventional cotton, while most of the bales colour-trash grade was grade 3. Encouraged by the results, and due to demand for organic ELS cotton, Israel's organic farmers planted about 150 hectares of organic Pima to the 2007 crop.

Australian Pima: "jury still out…"

By David Dowling, Editor, Australian Cotton Grower

Australian Pima production in the 2006/07 season is expected to be about 12,000 bales. Once again, Australian cotton production generally has been constrained by a chronic lack of irrigation water — the result of a severe drought over the past three years, which comes at the end of a chronic rainfall shortage which has lasted for the past decade.

There are two schools of thought on this. One view is that the drought is one of the worst symptoms of global climate change and a portent of things to come. The other is that cyclical drought is the natural order of things in this country and the current event is a natural, although very severe, situation. Only time will tell.

One of the results of the drought has been the total elimination of any cotton production in the traditional Pima growing areas in western New South Wales — Bourke and Tandou. This has been partially compensated for by interest in Pima from upland growers in areas such as Moree and Hillston.

The upshot of this geographical shift in production was that no Pima was planted within 300 kilometres of a roller gin. All modules were trucked to Bourke for ginning, and the net cost of transport and ginning is about $60 a bale higher than the upland equivalent.

Although the total area planted was only about 1,500 hectares by a handful of growers, there has been a high level of interest in the result of their efforts. Success this season would have produced a considerable expansion in Pima plantings in future years.

These growers were attracted by pre-planting prices for Pima of about AUD$700 a bale versus upland prices of less than AUD$400 a bale. They also saw an

advantage, in a severe drought year, of diverting what water they had into a higher value crop.

According to Australia's biggest pima producer this year, Moree grower Will Kirkby, the jury is still out on the success or otherwise of the Pima experiment.

"Our Pima yields will probably be 2.8 bales per acre versus 4.4 bales per acre for our upland. Some growers had higher Pima yields, but then some growers also had considerably higher upland yields as well," says Will.

"The price differential also closed somewhat during the season with the recent relative strength in upland prices. Overall, the difference in profit will be less than $50 an acre either way."

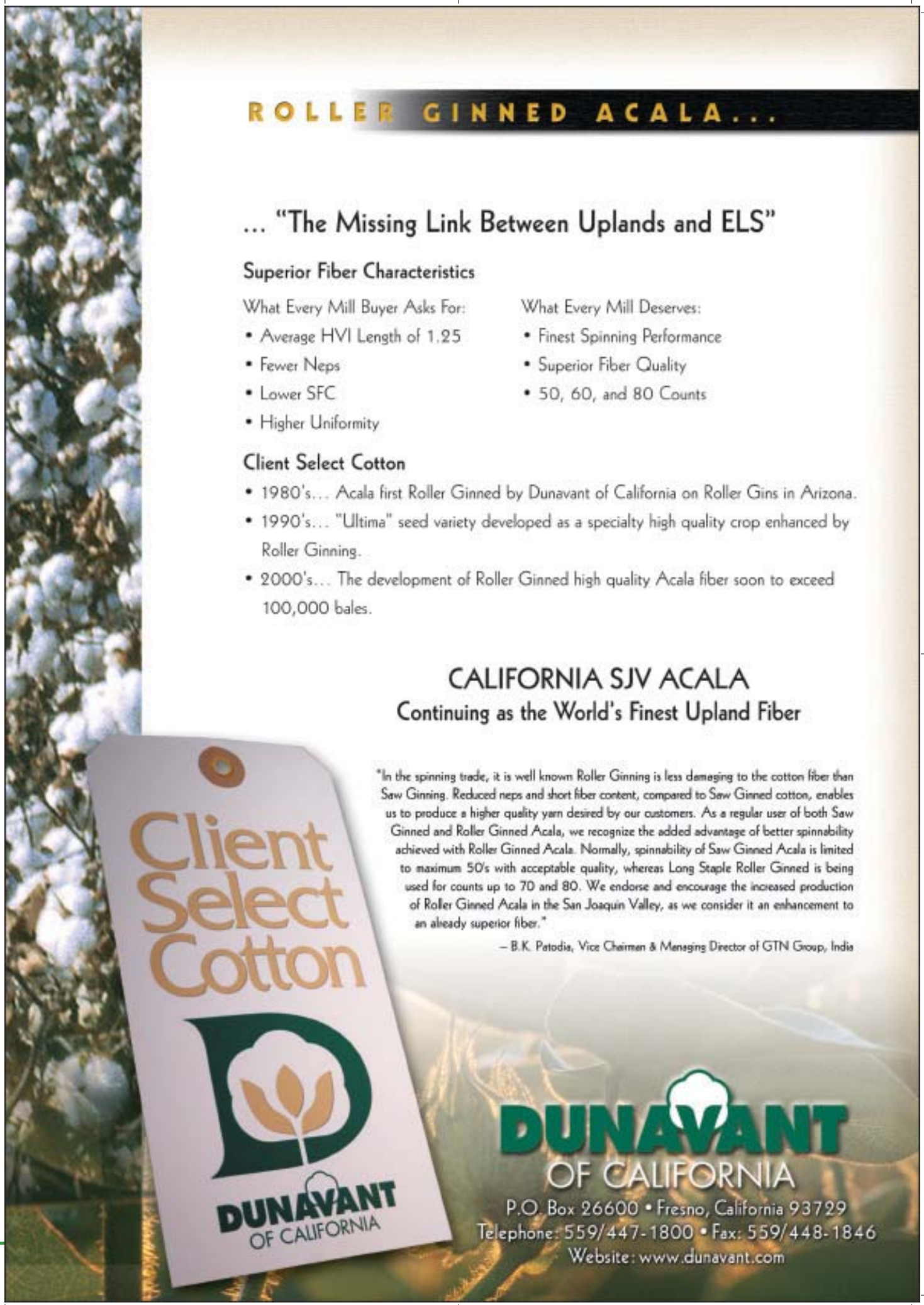
While the yield "drag" is a problem, new varieties being developed in Australia may soon change that situation and narrow the gap between Pima and upland yield potential. When that happens, more and more growers are likely to spread their risk by planting a proportion of their acres to Pima.

The advantage of this drought year was there was no rain during picking and the quality of the Pima was "nothing short of exceptional" according to Tony Geitz from merchant Paul Reinhart, which handles most of the Pima crop.

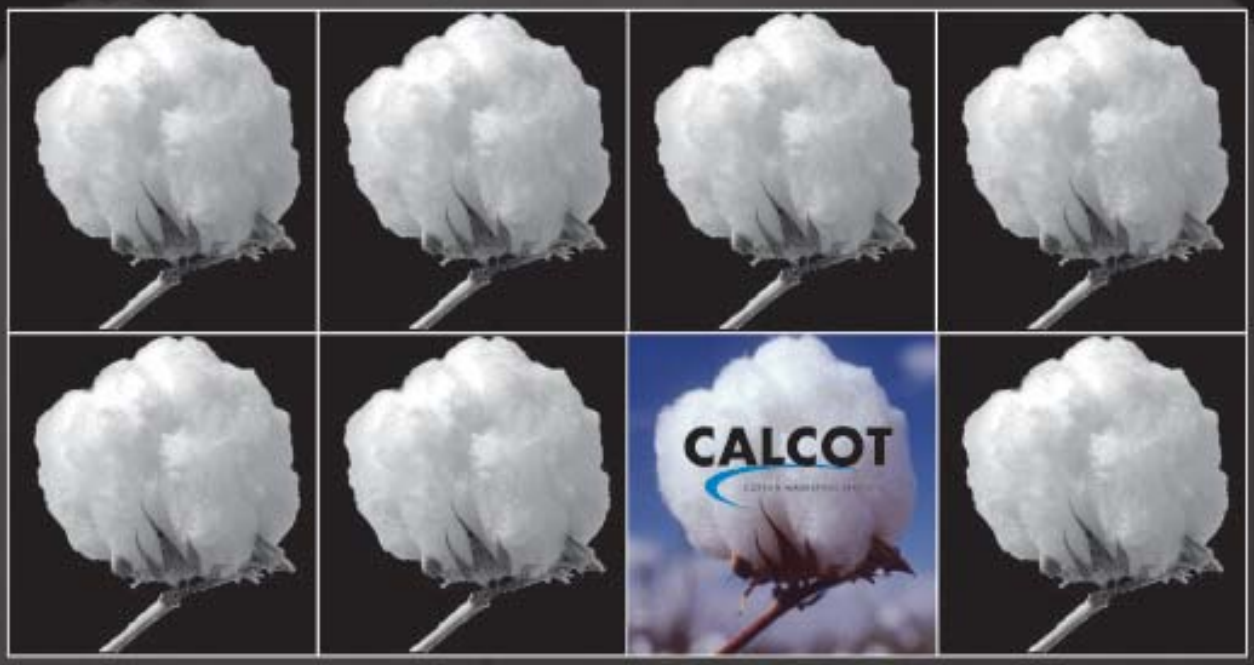
"The cotton was extremely bright, it had good staple length, Micronaire of 4.0 and strength of over 45 gpt," he says. "We had some classers out here from the US and they rated it as some of the best Pima cotton they had seen in the world."

Translating this exceptional quality into a price premium could prove to be difficult in the short term.

"Australian Pima is an unknown quantity for most buyers, so we may have to sell it as equivalent to SJV Pima, even though it has superior quality."



SUPERIOR
quality is obvious.



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