

# Headwinds to a Recovery in Cotton Demand

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## 棉花需求量恢复面临阻碍

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One of the greatest surprises to cotton analysts in the last year has been the recalcitrance of a recovery in cotton demand following the decrease experienced in 2011. For the first time in many years cotton faces great problems finding its way back on track for long-term positive demand growth.

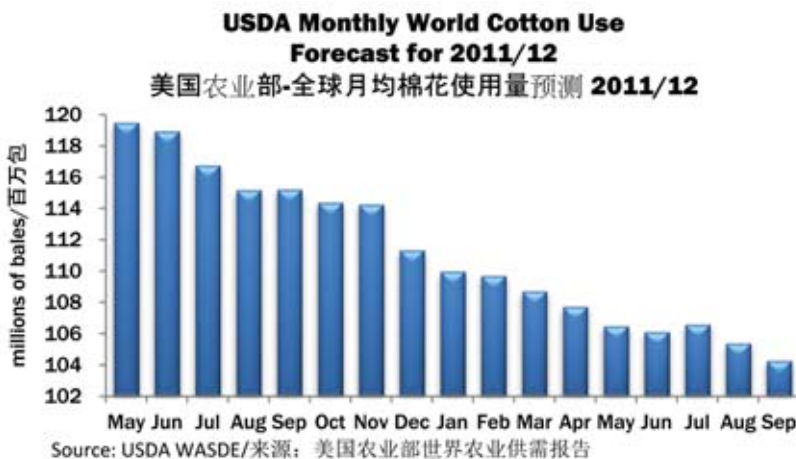
Without being critical of the USDA, one of the remarkable developments of the 2011/12 season was the steady slashing of its global cotton use forecasts. Initially in May of last year the USDA forecast global cotton use of 119.5 million bales for 2011/12. According to the agency's September, 2012, estimate the season wound up with just 104 million bales of use. Global use of 119.5 million bales now seems out of reach for a prolonged period of time.

自从2011年需求量出现下滑后, 棉花需求量的恢复遭到阻碍, 这是去年, 最令业界分析师感到惊讶的一件事。多年来, 棉产业首次遭遇困境, 需求量无法恢复到原有水平。

2011至2012年, 美国农业部对全球棉花消耗量的预测量稳步减少, 这项变化令人瞩目。去年5月, 据美国农业部预测, 2011至2012年的全球棉花消耗量为1.195亿包。而2012年9月, 据该机构估计, 本季全球的棉花消耗量为1.04亿包。在长时间内, 这一数值很难达到1.195亿包。

棉花需求量要恢复到原有水平, 面临着多项因素的阻碍。

其中一项因素是: 最近的宏观经济形势依然不佳, 在发达国家, 情况尤其如此。



There have been numerous stumbling blocks to a recovery in cotton demand.

One of these is the poor macro-economic performance of late, particularly in developed countries.

The EU's economic problems are fully reflected in its import demand for textiles and apparel. Based on partial year data, in all of the 2011/12 cotton season the metric tonnage of textile and apparel imports into the EU-25 from outside of the EU-25 was probably down about 9% from the previous year.

Japanese clothing imports (in pieces) were up only about 2% during the same time period.

The situation in the United States is a case study in multi-factor economic effects. Unfortunately, the result is negative.

Growth in the dollar value of textile and apparel products imported into the United States during the year ending July,

从欧盟对纺织品与服装进口的需求上, 可以充分显示出欧盟遭遇的经济问题。从部分数据中可以看出, 在整个2011至2012年棉花季, 从去年开始, 欧盟25国从其他地区进口的纺织品与服装总量下降了9%。

同期内, 日本的服装进口量(件)只上升了2%。

美国的情况可以反映出多种因素给经济产生的影响。不幸的是, 这种影响是负面的。

同去年同期相比, 2012年7月, 美国进口纺织品与服装的美元价值增长并不明显, 仅有2%。由于制造商提高了价格, 在同期内, 每平方米值的美元价值提高了5%, 这样, 每平方米值的进口量下降了3%。

从进口棉纤维的品种来看, 棉花进一步遭受损失。人造纤维的每平方米值上升了3%, 同去年同期相比, 棉产品进口量下降了12%。

致使棉花需求量无法恢复的最主要原因是, 棉纺厂在许多情况下, 使用涤纶取代棉花。涤纶更容易加工。作为一种工业商品, 涤纶的价格比棉花更稳定, 通常由大工厂供货, 质量有保障。

我们应当思考, 造成这种现象的原因是什么。

多年来, 全球棉花消耗量稳步增长。在某些时期, 棉花消耗量一直在增长, 直到最近, 这个趋势才停止。即便是在20世纪60-70年代, 涤纶刚投入使用之时, 棉花的消耗量也在增长。

2000年以后, 棉产量显著提高, 十年间, 棉花需求量也水涨船高。棉花数量充足, 价格低廉, 棉纺厂纷纷加大生产力度。

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2012, was an anemic 2% over the previous year. Manufacturers raised prices, and the dollar value per square meter equivalent was up by 5% during the same period. Thus the physical volume of imports in square meter equivalents was down by 3%.

Cotton suffered a major additional loss considering the primary fiber content of imported items. While the square meter equivalent of imports of primarily man-made fiber items was up by 3%, imports of primarily cotton products were down by 12% from the corresponding period last year.

Foremost among the headwinds to cotton demand recovery is the fact that mills have substituted polyester for cotton in many applications. Polyester is easier to spin. As an industrial commodity its price is more stable than cotton. Its quality and supply is consistently delivered from large industrial plants.

It is worth pondering the long-term nature of how we have come to this point.

For many years global cotton use has steadily expanded. Some periods have seen more growth than others, but until recently in all periods – even in the 1960s and 1970s following the commercial introduction of polyester – there has been growth.

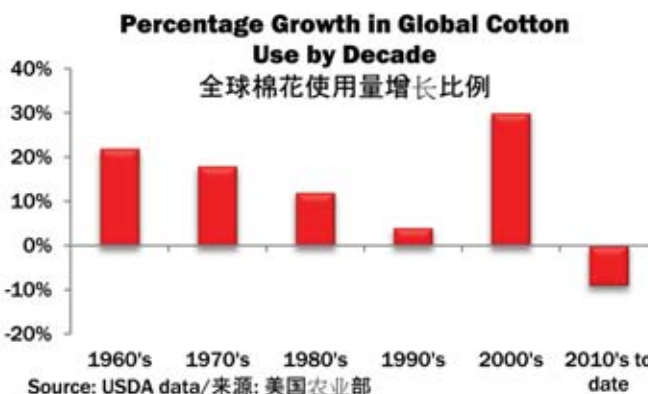
Phenomenal yield developments in the mid-2000s abetted the immense growth we saw in cotton demand during that decade. Cotton was plentiful; it was cheap and mills spun it all up.

“Food for Fuel” during the latter part of the decade provided intense competition for agricultural land, however. Cotton’s area losses, combined with a couple of years of bad weather, provided the set-up for a shortage in 2011 such that demand was reduced to fit within the supply constraints.

Since 2010, global cotton use has *fallen* by 9%.

Following decades of solid positive growth we are now experiencing negative growth. Will we see positive growth in 2012/13? The current USDA forecast calls for a 3% increase in cotton consumption.

We have in fact already seen a nearly complete recovery in demand in cotton intensive origins like India and Pakistan. To some degree cotton demand has been boosted on the sub-continent by higher demand from China for cotton yarn, which does not face the onerous import restrictions which are placed on raw cotton. Thus the textile industries of India and Pakistan are beneficiaries of China’s cotton policy, which has placed its own textile industry at a great disadvantage in the production of goods requiring cotton as raw material.



然而，过去十年中，“食物换燃料”的口号给农业带来激烈竞争。棉花种植面积不断减少，再加上数年来，气候不佳，致使2011年的棉花产量出现不足，由于供货数量减少，棉花需求量也开始下降。

自2010年起，全球棉花消耗量下降了9%。

经过几十年的稳步增长，如今，棉花消耗量遭遇负增长。在2012至2013年，棉花消耗量会出现增长吗？据当前美国农业部的预测，棉花消耗量将出现3%的增长。

实际上，在印度与巴基斯坦，棉花需求量几乎已恢复到原有水平。从一定程度上说，次大陆的棉花需求量已经提高，由于中国未面临棉花进口限制，中国对棉纱的需求量在增加，印度与巴基斯坦是中国棉花政策的受益者，而两国自身的纺织业，由于使用棉花作为生产原料，也遭遇种种不利条件。

事实上，这种变化在多年前就已发生。2009-2010年间，巴基斯坦棉花质量下降，国家遭遇电力短缺。印度政府一直限制棉纱出口，直到2011年中才解禁。中国的纱线进口量创下历史新高，因为在上一季，中国已经解决了这些问题。

中国在采购聚酯纤维方面具有明显优势，过去数年中，棉花在中国的市场份额一直在下降，有被聚酯纤维取代之势。5年前，56%以上的纺织厂使用棉花作为加工原料，而在上一季，只有45%的棉纺厂使用棉花作为加工原料。

在将来，中国棉花市场的发展前景并不乐观。

中国是全球大多数聚酯纤维的加工地，而棉花政策，又导致棉花在国际价格方面失去竞争力。据美国《纤维研究》杂志报道，全球的聚酯纤维生产能力为4300万吨。其中，65%由中国生产。今年，中国将加工300万吨聚酯纤维。显然，聚酯纤维不会面临短缺。

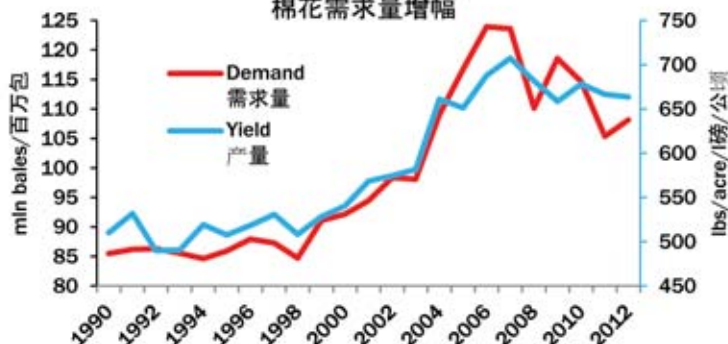
但是，同聚酯纤维相比，棉花仍有许多优势，棉花仍是许多产品，如男式衬衫、休闲装、牛仔装、毛巾的主要原料。迟早，聚酯纤维的市场渗透度将达到饱和，棉花消耗量将恢复到每年3%的增长率。这种现象将在本季内出现，还是在1年多以后出现，目前还是未知数。无疑，中国未来的棉花政策将是决定因素。

在长期内，当阻碍因素消除后，人口与收入增长还将带动棉花需求量的增长。

中国和印度消费者的不断增长，将大大提高棉花的消耗量。尽管，欧美各国的经济形势近期内难以恢复，制成品单位价值的增长将减缓，总贸易额和交易量还将出现增长。

近期内，粮食与油料种子短缺，这是棉产业面临的巨大挑战。下一个阶段将是调整期，在不久的将来，我们还将面临新的机遇。

**Phenomenal Cotton Yield Improvement in the 2000's Fostered Demand Growth**  
2000年-2010年间棉花产量的显著提高  
棉花需求量增幅



Source: USDA data/来源: 美国农业部

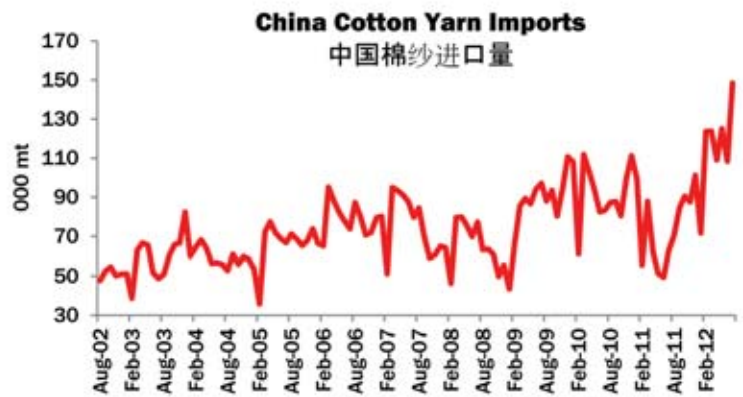
Actually, this development has been underway for years. It will be recalled that Pakistan suffered poor cotton crops and power shortages in 2009 and 2010. India imposed restrictions on cotton yarn exports until mid-2011. With these problems resolved last season, China has seen yarn imports reach record levels.

Where China's industry has a distinct advantage is in access to polyester staple fiber. Cotton has, in fact, been losing market share to polyester in China for the last several years. Five years ago a little over 56% of the fiber consumed in China's cotton spinning system was cotton. Last season less than 45% of it was cotton.

The outlook for future cotton market share in China is not promising.

The bulk of the world's polyester capacity is in China, where cotton policy keeps cotton uncompetitive with international prices. According to *Fiber Organon*, the world has 43 million tons of polyester staple fiber production capacity. Of this, 65 percent is in China. This year China will add nearly 3 million tons of polyester staple fiber production capacity. Clearly there will be no shortage of polyester.

But cotton has many advantages over polyester that assure its place as the primary fiber in many products such as men's shirts, casual wear, jeans, and towels. At some point polyester will achieve a point of maximum market penetration, and cotton will resume its long-term growth rate of around 3 percent per year. Whether that will be this season or in more than one year is debatable. China's future cotton policy will certainly be a determining factor.



Source: China Customs Statistics/来源: 中国海关统计数据

Population and income growth will, over the long term, provide the opportunity for positive demand growth for cotton once the headwinds are gone.

The growing consumer classes in China and India provide ample grounds for growth in cotton use going forward. Although a brighter economic outlook for the United States and Europe may be more distant, the increase in unit values of manufactured goods appears to be slowing, hence modest growth in the overall value of trade may soon, once again, represent a rise in volume. Near-term, the greatest challenge the cotton industry faces is the shortage of grains and oilseeds. As we go through the coming period of retrenchment we can look forward to renewed opportunity in future years.



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# Commodity Trade Finance – Central Asian Cotton

Krishnan Ramamurthi,  
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## 商品贸易融资-中亚棉花

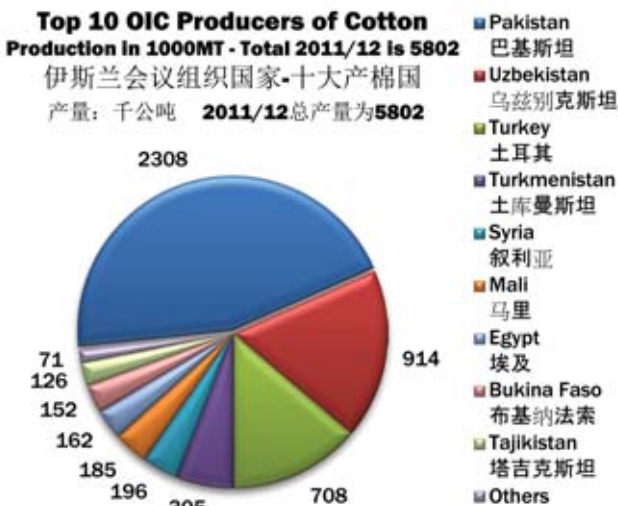
克里什南·拉玛穆提  
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Trade finance is an integral component of the global trading arena, funding both large corporates and SMEs trading activities. Commodity trade finance (“CTF”) by nature is short term and self-liquidating, always with an underlying commodity, with a patterned turnaround time, which allows the commodity to be procured and resold either immediately or at a later stage. “CTF” has evolved to be synonymous with the cotton trade, without which the current volumes of cotton traded would not be possible.

CTF in the Central Asian context has a unique flavour that is understood by both merchants and end users alike. Unlike other growths that are forward sold, or have requirements of input financing, the vast majority of Central Asian cotton is very much spot-based. Being produced in a landlocked region, the CTF products have too evolved to cope with the geo-political developments of these markets. The CTF products and services utilized by the cotton trade operating in these markers include, but are not limited to those shown in the accompanying table.

### Central Asian Cotton in the OIC

Central Asian cotton exports account for a total of 912,000 tonnes, which constitutes 9.45% of global export share and 46.9% of OIC (Organization of Islamic Co-operation) export share. The value of the exports calculated on the basis of the seasonal average of the Cotlook A index (for the period October 2011 – May 2012, when main volumes were sold and prices fixed) is in excess of USD2 Billion. To banking institutions and the cotton trade likewise, it is a significant market size to both finance and trade.



### 中亚棉花在伊斯兰会议组织国家

中亚地区棉花总出口量为912000公吨, 占全球总出口量的9.45%, 占OIC (伊斯兰会议组织国家) 总出口量的46.9%。出口总价值 (2011年10月-2012年5月) 按考特鲁克A指数计算 (按总销售量的固定价格计算), 超过20亿美元。从金融机构与棉花贸易的角度来看, 这是一个庞大的市场规模。

伊斯兰会议组织国家每年生产5802000公吨棉花 (2011年至2012年), 占全球总量的21.7%, 棉花出口量为1946000吨, 占全球总出口量的20.16%, 总交易价值超过130亿美元。



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OIC countries produce 5,802 thousand tonnes per year (season 2011/12), which is 21.7% of world cotton production, and export 1,946 thousand tons or 20.16% of world exports, which brings the total dollar volume of business to a figure exceeding USD13 Billion.

### Current Financing Scene

The global banking industry has been trying to regain its footing after the volatile episodes observed in 2008 and again in 2010. One of the repercussions observed was the increased accountability requirements to strengthen capital institutions – the impending requirements of Basel III.

Although commodity trade finance products are deemed as “short term and self-liquidating” by nature, the increased requirements, capital securitization and liquidity will inadvertently drive up the cost of borrowing.

### Structured Trade Finance – A Way Forward

Structured trade finance (“STF”) is in essence taking the value of the commodity as an underlying asset to the transaction. Although short term and self-liquidating, margins are collected as collateral to manage the price volatility so that the asset remains secure.

One of the main characteristics that make STF unique is that it remains off balance sheets, with the title remaining on the inventory of the lender until such time as the Merchant has an onward sale and takes delivery of the cotton.

The benefits of STF are that it can be tailored to suit the lender’s requirements. It can recognize the value both higher up and lower down the value chain. Such instances include securing value after lending to farmers, input financing against gin receipts (seed cotton to Bale) and eventual warehouse receipts at seaports (in bales), ready for onward dispatch. Lower down the chain, it could also apply to recognizing the value of eventual produced goods such as yarn from the purchase of raw cotton!

### About Tujuh Keajaiban Middle East FZE

Tujuh Keajaiban Middle East FZE (“TK”) is a commodity specific trade advisory service provider focusing on OIC cotton producing and consuming countries. Established in the United Arab Emirates, with representation and operations in the CIS and Malaysia, it is well positioned to provide structuring deal specific trade finance requirements both of merchants as well as its end consumers.

TK is also a consultant for the Islamic Trade Finance Corporation, an autonomous entity within the Islamic Development Bank Group. Based out of Jeddah, Kingdom of Saudi Arabia, ITFC was formed to consolidate the trade finance business that was formerly undertaken by various windows within the IDB Group. ITFC has had several internationally recognized awards in the field of financing commodities – specifically cotton.



### 当前融资现状

历经2008年与2010年的波动后，全球银行业正在重振旗鼓。银行对融资机构的信誉度要求愈发严格，采取巴塞尔III标准。

尽管商品贸易融资产品属“短期自偿型”产品，随着要求的提高，资金安全与流动性将不断提高借贷成本。

### 结构性贸易融资：未来前景

结构性贸易融资（STF）将商品价值作为交易资产，尽管STF是短期自偿性融资，利润作为抵押品搜集，以应对价格波动，确保资产安全。

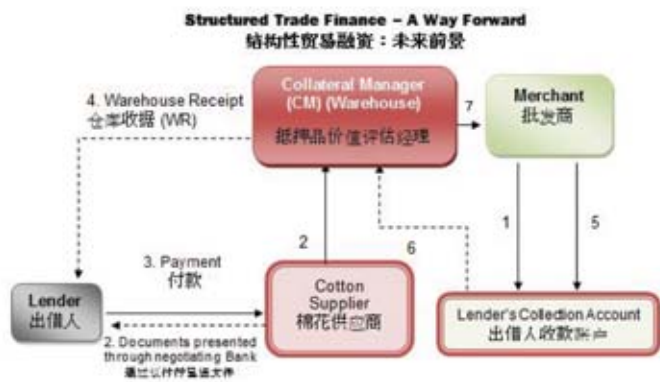
与资产负债表无关，这是结构性贸易融资的独有特征。当批发商配送并销售棉花之前，出借方仍是库存的所有者。

结构性贸易融资的益处是，它可根据出借方的需求认定价值，价值既可以高于价值链，也可以低于价值链，向农民融资后再确定价值，或是收到轧棉厂与港口的（籽棉与包装）仓储收据后，提供融资并发货。结构性贸易融资可一直追踪价值链下游，确认产品，比如纱线与棉花的最终价值。

#### Possible Changes & Opportunities

#### 潜在的机遇与挑战

- Increased requirements for off balance by Borrowers  
借款者对非公司负债型借贷的要求不断增长
- Increased requirements of commodities to be hedged to secure lent capital  
对冲商品的要求不断增长，以确保出借资金的安全性
- Reduced lending appetite for commodities that are “less liquid”  
对冲商品的要求不断增长，以确保出借资金的安全性
- Pricing review on rates to lenders to justify a normative rate of return  
对出借价格进行审核，以确保规范的回报率
- Increased development of structured finance products to facilitate the trade  
贸易融资产品的结构不断完善，以推动贸易发展



### Tujuh Keajaiban中东公司简介

Tujuh Keajaiban中东公司 (“TK”)是一家商品交易咨询公司，主要向伊斯兰会议组织国家提供咨询服务。公司总部设在阿联酋，在独联体国家与马来西亚设有分部，为棉花批发商与客户提供贸易融资服务。

TK也是伊斯兰开发银行旗下的独立实体“伊斯兰贸易融资公司”（ITFC）的顾问。ITFC总部位于沙特阿拉伯王国吉达港。ITFC对伊斯兰开发银行旗下的贸易融资业务进行整合，公司在商品融资方面，尤其是棉花融资方面，曾获多项国际奖项。



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# Stepping up the Game

By Antonio Esteve,  
President, International Cotton Association



## 提高水准

安东尼奥·伊斯蒂夫：国际棉花协会主席

My year as President of the ICA is coming to an end. Whew... what a year! It's been quite a ride with a record number of applications for arbitrations, and they keep on coming. One of the greatest challenges of being President of the ICA is confronting the critics and cynics. The common theme is that the ICA is not effective, that the market circumvents the default list. A common comment may be "The default list is for the birds". I beg to differ.

What people fail to consider is the number of contracts that were performed thanks to the existence of the ICA, the Bylaws and Rules, and the arbitration process. Long before a contract goes to arbitration, or there is an award, or a listing on the default list, the vast majority of contracts are either performed or settled. Consider that between September 2010 and May 2012, cotton prices as indicated by the A Index went from the 80 cents level all the way up to \$2.45 per lb and then back down to the 80 cents level again. These are extreme price ranges which we have never seen in our lifetimes, and perhaps never will again. During this period we can estimate that approximately 15 million tons were exported // imported in the world, corresponding to at least 20 million tons of trades, considering a portion of contracts flow through several hands. This volume traded had huge market differences involved. If, for example, we calculate an average market difference of 40 cts/lb on 20 million tons, well, we are contemplating market differences in excess of 17 billion dollars! The volume of cotton that actually was disputed in arbitration during that period was perhaps an approximate 1 million tons, for perhaps US\$ 700 million, so hence 5%. That means that in the most extreme market conditions, 95% of trades, 19 out of 20, were performed or settled. Without the ICA, what would that percentage be, I ask? Or, does somebody want to risk a safe trading environment without the ICA?

In fact, the primary role of the ICA is to promote a safe trading environment, to act as a deterrent to even considering a default, by being stigmatised and ostracised by the market. This reality alone deters the vast majority of defaults. Contracts are either performed or settled amicably. Subsequently, there are cases whereby an arbitration process is initiated, but aborted before an award is issued. While this is not common it does happen. Then there are arbitration processes which are allowed to continue. In these cases, after due process, an award is issued. People do not realize that not all losing parties to an arbitration process end up on the default list. Some, in fact, have allowed the arbitration process to determine a fair claim for the contract settlement, and once the award is issued, then go ahead and settle. Only finally are there those that end up on the losing end of an arbitration process and finish on the default list. However, these are in fact the minority of the contracting parties that for one reason or another are determined not to perform a

作为国际棉花协会主席，我的任期即将结束。今年，我们接到的仲裁申请数量超出往年，仲裁的数量还在增加。作为国际棉花协会主席，我所面临的最大的挑战就是，我必须面对无数批评与讥讽。人们总是说，ICA缺乏效率，市场在规避违约名单，或是“违约名单毫无意义。”不过，我对这种看法不敢苟同。

人们没有意识到，许多契约之所以得以执行，这都是ICA的功劳，多亏了ICA制订的章程、规则与仲裁流程。在申请仲裁、做出裁决、列入违约名单的过程之前，大多数合同都已按时履行。从2010年9月-2012年5月，A指数棉价从每磅80美分上涨到2.45美元，然后又回落到每磅80美分。过去，我们从未见过这样激烈的价格涨跌。也许，这种情况今后再也不会出现。在此期间，我们估计，全球的棉花进出口量约为1500万吨，从合同的签订数来看，交易量至少有2000万吨。在这些交易量当中，存在巨大的市场差价。例如，假设2000万吨棉花的平均市场差价为每磅40美分，那么，总市场差价将超过170亿美元！在此期间，产生争议并提交仲裁的棉花交易量约为100万吨，价值7亿美元，比例占5%。这就意味着，在最极端的市场条件下，有95%的棉花交易已按时履行协议。试问，如果没有ICA的存在，这个比例只有多少呢？又有多少人甘愿牺牲安全的交易环境呢？

事实上，ICA的主要作用是促进交易环境的安全性，遏制违约行为，为实现这个目标，ICA甘愿受到市场的排斥和误解。但仅凭这一点，我们就能遏制大多数违约行为，使契约方以友好协商的方式，按时履行合同。即便一方提出仲裁，在仲裁判决下达之前，他们就撤回了仲裁请求。这种情况并不多见，但的确发生过。有时，仲裁流程还将继续。在这种情况下，经过必要的流程之后，我们将给出裁决。人们并没有意识到，在仲裁过程中，并不是所有败诉方都会被列入“违约者名单”。一部分人只是想通过仲裁方式，希望以公平的方式履行协议，一旦判决下达，他们就会按照决议履行合同。只有一部分败诉方最终会被列入“违约者名单”。不过，也有少数契约方出于种种原因，不愿意履行合同，我把他们称为“顽固型”违约者。他们之所以不愿意履行合同，一方面是因为他们缺少资金，无法应对不利的市场条件；另一方面，有些契约方品行不端，故意不履行合同。

假如“顽固型”违约者愿意将自己的名字列入违约名单，显然，他们也不愿意，也无法将自己从名单上除名。但是，这些违约者的日子并不好过。他们无法向ICA成员购买或出售产品，只能与信誉不佳的对手签订协议，所以，很容易受骗上当。他们不得不低价抛售，或是以高价采购产品，从而削弱了自身的竞争力。最终，他们只能申请仲裁，或是干脆破产。事实上，已经有许多违约者破产了。只有通过仲裁解决问题，才是正确的方式；在过去两年中，已有14个违约者的名字从名单上去除。



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contract, what I call the “diehard” defaulters. A common motive is simply that they do not have the financial resources to support the adverse market difference they have found themselves in; to a lesser extent it is just plain bad character.

The “diehard” defaulters, if they have allowed the process to get as far as being listed, obviously are not at all willing and perhaps not able to get themselves off the list. But life will not be easy for these defaulters. They will not be able to buy from, nor sell to ICA members, which means having to contract with less reputable counterparts. They will then have a high probability of themselves being defaulted on. When they manage to buy, they will be forced to undersell or overpay, as the case may be, damaging their competitiveness. In the end, they either settle the award or go out of business. Indeed, many on the default list have simply gone out of business. Those that continue, eventually settle; 14 names have come off the default list in the last 2 years.

The ICA is stepping up the game to promote a safe trading environment. We are investing in investigation and will be identifying attempts to circumvent the default list. We will identify parties related to defaulters, and we will be strengthening our Advisory Notice List identifying these related parties. We will identify eventual ICA members that trade with defaulters or related parties, and take punitive action against them. We are also working hard on enforcement efforts. We are identifying the most effective legal means and channels to seek enforcement, and we are liaising with governments to facilitate the enforcement process. As an example, in August the ICA had a very positive meeting with the Minister of Justice of Vietnam to highlight the importance of due process in the enforcement of ICA arbitration awards.

An Agents’ membership category has been introduced at the ICA since August; agents represent a key element along the supply chain. The response has been magnificent; agents will play an important role in promoting a safe trading environment. The ICA has undertaken courses for agents on the Bylaws & Rules of the ICA in Bangladesh, Brazil, Vietnam, Thailand and Indonesia just this year, and many more will be promoted in other countries in the coming year.

A sustainable cotton supply chain also includes the concept of contract sanctity. The ICA has liaised with the Better Cotton Initiative (BCI) to include the concept of contract sanctity in their definitions of sustainability. BCI does not allow defaulters as members. We are raising awareness among retailers, which are key participants in BCI, that a sustainable cotton supply chain must contemplate the fulfilment of commitments along the supply chain, to avoid the domino effect. The theme of the ICAC’s meeting in Switzerland this October was “Shaping Sustainability in the Cotton Value Chain”, and the discussions will doubtless have contemplated contract performance, enforcement, as well as strengthening the relationships along the supply chain. The cotton value chain is all about the transition from cotton to textiles, two worlds intimately related but hardly connected until now. Going forward, just as brands and garment/textile mills work “together” in more of a service/supply relationship, mills/merchants/gins/farmers will need to work together as such: fewer transactional relationships, more partnerships.

The reality is that it is easy to criticise what the ICA is doing, much more difficult to get the job done. As I have tried to express throughout this article, the ICA is focused and determined to create a safe trading environment through multiple initiatives. But, the ICA can not do it alone. It is up to the trade - and the market at large - to rise to the occasion and make it happen. I’ve said it before, and I will repeat it again and again; united we rise, divided we fall.

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ICA为交易者提供安全的交易环境。我们加大投资，打击规避违约名单的行为。我们加强对违约者名单的管理，及时找出违约者及相关方，对ICA成员加强监督，防止ICA成员与违约者进行交易，如发现相关行为，将给予严厉制裁。我们还将加强执法力度，制订有效的执法途径，与各级政府加强合作，共同推进执法。例如，今年8月，ICA与越南司法部长举行会晤，敦促越南政府认识到执行ICA仲裁判决的重要性。

从8月起，ICA开始执行代理商会员制度，在整条供应量当中，代理商起着关键作用。这一举措引起了巨大反响；代理商将在促进安全交易环境方面，起到重要作用。ICA正在向孟加拉国、巴西、越南、泰国、印尼的代理商们普及法规知识，今后，我们还将向更多国家的代理商普及法规知识。

一条可持续发展的棉花供应链还包括“契约神圣性”的理念。ICA与“优质棉计划”（BCI）联络，督促他们将“契约神圣性”纳入可持续发展的定义中。BCI不接受违约者成为会员。零售商是BCI的重要组成部分，我们敦促零售商履行承诺，共同创建一条可持续发展的棉花供应链。今年10月瑞士ICAC年会的主题是“塑造棉花价值链的可持续发展”，大会的议题将包括契约的履行与执行，以及加强供应链各环节之间的联系。棉花价值链事关棉产业向纺织业的过渡，这两个产业之间有着紧密联系，但直到现在，两者之间的关系还不够密切。将来，棉纺厂、贸易商、轧棉厂与农民之间应加强合作，就像品牌与服装/纺织厂之间的关系一样，两者密切协作，共同建立服务/供应关系。正所谓：少一些交易，多一些合作。

人们往往对ICA的举措提出批评，但是，要办实事，却没那么容易了。在本文中，我想强调一点，ICA旨在采取各种方式，营造一个安全的交易环境。但是，要创造安全的交易环境，仅靠ICA的努力是不够的，我们需要各方面的合作，包括来自行业与市场的合作。正如我先前所说的那样，我一再强调：只有团结，才能取得成功。

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# Turning the Clock Back: Cotton Value Chain Trading Risk Management Imperatives

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## 时光逆转：棉花价值链的贸易风险管理举措

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Historically, price risk has been recognised as the most significant contributor to earnings volatility. Industry participants have recognised this risk, and to a varying degree, have been involved in managing it. While the ability to “buy protection” rests with the participants who make most margins in the textile value chain, a significant part of the risk is managed by the merchant. This is a major value-added service provided by the merchant community. The turn of events in the last few years in the cotton industry, however, has proven that, for the chain to operate sustainably, participants in the chain - producers, merchants and consumers (mills, garment manufacturers, brands) - need each to exhibit a certain degree of reliability and bear their share of responsibility in managing the risk. The focus of trading risk management today is much broader, including counterparty risk and risk of inverted markets. This article recognizes the risks that are apparent within the cotton value chain, explores the responsibilities of the participants and the way forward, given the nature of the markets we operate in today. It emphasises that the imperative is to bring back reliability and trust into the value chain.

Risks have become much larger in the cotton value over the last decade. Among other things the list of risks to be managed includes counterparty, basis, spread, volatility, price, tenor, liquidity, credit, margin calls and operational, including logistics. Those that have been experienced in a materially significant manner following recent market events include counterparty, basis, spread, volatility and price. While the issue of counterparty risk is one of the oldest and dates back prior to the creation of arbitration rules, it has caught the attention of everyone, since all market-risk management plans are rendered ineffective the moment a counterparty defaults. The focus of market-risk management today is much broader. In the context of risks apparent within the cotton value chain today, this article explores the responsibilities of the participants and emphasises the imperative of bringing back reliability and trust. Historically, price risk has been recognised as the most significant contributor to earnings volatility. Industry participants have recognised this, and to a varying degree have been involved in managing it. Over the last several seasons, a true price hedger has had to evaluate risk beyond price and basis, even to a point that these other risk factors might change the whole strategy in how the basis is set in regard to buying and selling.

从历史角度说，价格风险是收入波动的最主要原因。企业都意识到价格风险的存在，并试图从不同程度上对价格风险进行管理。在纺织品价值链中赚取最大利润的企业具备“购买保护”的能力，而大部分风险由零售商承担，这就是零售商提供的主要增值服务。过去数年来，棉产业的经验表明，要确保产业链的可持续发展，需要各个方面的合作，生产商、零售商与消费者（棉纺厂、服装制造商、品牌）都应提升自身的可信度，共同分担风险。如今，交易风险管理的重点进一步扩大，既包括对手风险，还包括市场逆转的风险。本文旨在探讨棉花价值链所面临的风险，行业参与者需承担的责任，剖析市场本质，探讨行业发展前景。当前，行业的当务之急是，使人们恢复对价值链的可信度。

近十年中，棉花价值链面临的风险越来越大，各类风险包括：对方风险、基差风险、价差风险、波动风险、价格风险、付款期限风险、流动性风险、信贷风险、追加保证金风险，以及运营风险、包括后勤风险。近年来，市场已经经历过对方风险、基差风险、价差风险、波动风险与价格风险。对方风险是存在时间最长的风险之一，在仲裁法颁布之前，就已在市场上存在，引起人们的广泛关注，因为一旦发生对方风险，所有的市场风险管理规划都无法对它。如今，市场风险管理的范围日趋广泛。棉花价值链面临着诸多风险，对此，本文对市场参与者的责任进行探讨，同时强调提升可信度的重要性。

从以往看，价格风险是造成收入波动的主要原因。企业都认同这一点，并采取各种方式，对价格风险进行管理。在过去数个季度中，要想真正规避价格风险，就必须从超越价格与基差的角度，进行风险评估，而其他风险因素也可能改变整个战略，在交易过程中，应根据买卖双方的要求设定基准。

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While the ability to “buy protection” rests with the participants who make most margins in the chain, a significant part of the risk is managed by the merchant - a substantial, value-added service. This is widely understood, and mills have played their role in maintaining the sanctity of contractual obligations in the past. They were tested during the 2008 event, but the spate of defaults in 2011 dwarfed any past non-performance. Market price fluctuation by itself is not surprising, however when a significant proportion (one estimate puts this at 20%) of contracts are defaulted suddenly, it is apparent that an unknown devil is in action, one that we need to understand better. So which significant development of the recent past has caused the change in the behaviour of our value chain colleagues?

As was recognised by an ICAC study in 2010, risk is not anymore just the magnitude of price movement (in any particular direction), but high volatility or the “relatively wide band of price fluctuation”. Cotton prices fluctuated within a relatively narrow band during the period 2001/2 - 2007/8. However, in the period 2010/11 - 2011/12, the band of fluctuation more than quadrupled the 2001/2 - 2007/8 band. We are today back close to the price zone that operated for nearly a decade prior to last year’s extreme event. It is a notion that the increased participation of speculative market players led to this greater volatility in cotton markets. Prior researches (see reference1 and reference2 in the foot note) show that while bigger absolute price movement and speed of movement both (read as volatility) cannot be attributed conclusively to increased participation of index funds in recent times, index funds and hedge funds provide an important source of liquidity and risk-absorption capacity at times when they were required. However, the idea that fund participation led to increased volatility persists; it is perhaps justified to the extent that the moves can be magnified due to momentum players. Other cited factors for increased volatility in the markets today are government policy intervention in cotton markets and macro-events. With all the hedging and speculative activity focused mainly in the front month, and little liquidity on the back end of the forward curve, cotton is different from many other commodities and the impact of front month volatility, combined with the market structure, has important ramifications for hedgers.

Speaking of volatility, the average and median 30-day annualized historical volatilities over the last 12 years were about 32.2% and 29.6%, with the high at around 91.3%. For the same period, the implied volatilities were significantly higher. However, if we observe the 30-day annualized historical volatility over the 7 year period from 2000 to 2007, the average and median values were 29.8% and 29.3% respectively, while over the next 5 year period, 2007 to 2012, the average and median values were 34.8% and 30.45%. This is illustrative that, going forward, perhaps progressively shorter, high volatility bands will be experienced frequently, irrespective of the cause of such volatility.

During the period 2010/11 - 2011/12, all growers and mills were tested for greed and fear and many of them defaulted on contracts creating havoc in the marketplace.

The accompanying chart demonstrates that the number of arbitration cases over the years has been proportional to market volatility. Notwithstanding the number of arbitration rulings, the biggest issue faced within the trading community is the enforcement of these rulings, sometimes due to the lack of

市场参与者拥有“购买保护手段”的能力，他们在价值链中赚取最大的利润，而大量风险是由交易商承担的，这是交易商提供的一大增值服务。过去，加工厂在维护契约的神圣性方面起着重要作用，这一点是公认的。在2008年金融危机中，厂家经受着考验，但同2011年发生的多起违约事件相比，过去，厂家的不履约行为根本不值一提。市场价出现波动，这一点不足为奇，但是，当大量交易方（估计在20%）突然同时出现违约行为，这就不是正常现象了，我们应当弄清这种现象的本质，究竟是什么原因，导致整个价值链中出现违约现象？

2010年，据国际棉花咨询委员会的一项研究表明，风险不完全是价格变化（包括上升和下降）的产物，也是市场波动，或是“价格相对广泛的波动”的结果。2001年2月-2007年8月期间，棉价格在相对狭窄的范围内波动。然而，2010年11月-2011年12月间，波动范围足足扩大了四倍。经过去年的极端情形后，如今的棉价几乎同十年前的价格持平。

人们都认为，是投机商的参与，导致棉花市场持续波动。先前的研究（见注<sup>1</sup>与注<sup>2</sup>）表明，绝对的价格变化与变化速度（波动），并不是近年来指数基金参与市场的主要原因，必要时，指数基金与避险基金仍是重要的流动资金来源与风险吸纳方式。不过，基金的参与仍会增加市场波动，许多人都持这种看法；而动量投资者的确会提高市场的波动性。政府对棉花市场的干预也是造成市场波动的原因之一。避险与投机活动主要集中在上个月，在曲线的结尾缺乏流通性。棉花与其他商品不同，上个月波动产生的影响与市场结构一起，对风险规避产生重要作用。

谈到波动性，我们可以观察过去12个月内的30日按年计历史波动情况，其平均数与中位数分别为32.2%与29.6%，最高值在91.3%左右。在同一时期，市场的内在波动性更强。不过，当我们观察2000-2007年间的30日按年计历史波动值时，平均数与中位数分别为29.8%与29.3%。在2007-2012年间，平均数与中位数分别为34.8%与30.45%。这些数值表明，在将来短期内，市场波动仍然很频繁，不论造成波动的原因是什么。

2010年11-12月间，许多棉花种植者与加工厂在贪婪与恐慌的驱使下，纷纷出现违约行为，给市场造成混乱。

如下图所示，近年来，国际棉花协会受理的仲裁案数量随着市场波动而增长。尽管ICA推出了多项仲裁规则，但贸易界面临的最大问题是，如何执行这些规则，有时，出于贪婪，或是缺乏纪律和胆识，业界对黑名单缺乏有效的应对措施。

国际棉花协会受理的仲裁案数量随着市场波动而增长

尽管国际棉花协会依据法律框架，对违约行为进行处理，对方风险管理正日益受到关注，因为有必要采取系统化的方式处理纠纷。在交易开始前，有必要核查交易方的信用风险、市场风险、付款期限风险，以及以往履行合同的情况，给对方的可靠程度进行评级，在交易中，得分最高的交易方无疑具有优势。

交易方是否能按时履行合同，这是判别其可靠度的重要依据。许多企业成功摆脱危机，成为棉花价值链中值得信赖、可靠的交易商。其中，一部分企业自行承担损失，市场上有相关的工具，保护棉花种植者与加工厂的利益，确保他们在极端情况下，仍旧维持信赖度。尽管，此类工具在推出之时，价格十分昂贵，但我们可采取措施，确保这些工具在签订合同时，能够发挥正常作用，尽可能协助企业减少成本，保护企业利益不受损害。

<sup>1</sup>James, D. H. and Cynthia, W. J. (2012), “Effects of index-fund investing on commodity futures prices”

<sup>2</sup>Irwin, S. H. and D. R. Sanders (2010), “The Impact of Index and Swap Funds on Commodity Futures Markets: Preliminary Results”, OECD Food, Agriculture and Fisheries Working Papers, No. 27, OECD Publishing. doi: 10.1787/5kmd40wl1t5f-en

<sup>1</sup>James, D. H. and Cynthia, W. J. (2012), “指数基金投资对商品期货价格的影响”

<sup>2</sup>Irwin, S. H. and D. R. Sanders (2010), “指数基金与互惠基金对商品期货市场的影响：初步结果”，OECD食品、农业与渔业工作文件第27号。OECD 出版社. doi: 10.1787/5kmd40wl1t5f-en

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discipline and guts to deal with the blacklist, and sometimes due to greed.

While the issue of defaults is being handled in the framework of ICA arbitrations, counterparty risk management is getting its due attention, with the recognition of a need for a systematic and systemic approach to the subject. Emphasis has been to strengthen pre-trade scrutiny of exposure to counterparties from a credit risk, market risk and a tenor risk perspective, and of counterparty performance history, so as to facilitate grading counterparties by reliability. Those counterparties with the highest ratings will be preferred and therefore will have a natural advantage.

Reliability stems from the ability to honour contractual commitments. There have been exemplary instances of a few counterparties who have emerged out of the crisis as extremely reliable and who forge strong links in the cotton value chain. While some of them have had to absorb losses, there are, fortunately, tools available to growers and mills to protect themselves and ensure that they can emerge with their reliability intact and relatively unscathed out of extreme events. Although such tools might seem expensive at the time of initiation, steps can be taken to ensure that they are used optimally, so as to minimize cost and maximize protection, through the life of the contracts.

It is often argued that the ability to establish any price protection rests mainly with the value chain participants who can afford it. In recent history, growers and retailers have each been operating with margins upward of 10%. While growers, merchants, spinners and retailers have all been hedging to varying degrees, garment manufacturers show almost no hedging intention. It is also noticed that while trade/merchants are universally and significantly involved in hedging and providing a reliable service to the textile community, a relatively small proportion of growers and mills hedge, and a dismal proportion of the retailers hedge. It is also argued that due to lack of scale and competition, some participants cannot afford to buy any protection. In such a scenario, there is little chance for anyone else in the chain to weather any kind of storm in case of an adverse event. Although delayed, recent developments indicate that the market has learned that reliability has a price, but this learning has come at a huge cost.

The turn of events in the last few years in the cotton industry has proven that all participants in the cotton value chain need each to exhibit a certain degree of reliability and bear their share of responsibility in managing risk for the chain to operate sustainably. It is encouraging to note that an increasing number of growers and mills are now considering contracts with built in protection mechanisms. Protection mechanisms can be tailored to meet the specific requirements of growers and mills depending on their risk appetite.

As the industry recovers, it is important to understand the real costs of operation and duly recognize that to nurture the cotton value chain investments are a necessity, albeit in new forms. The costs may well also be in the form of short-term lack of liquidity, due to a pruned list of reliable counterparties that play by the rules and that are not on the black list. While things are as they are, bringing back reliability to the cotton value chain also requires the guts to trade by the rules and treat a black list as it should be treated.



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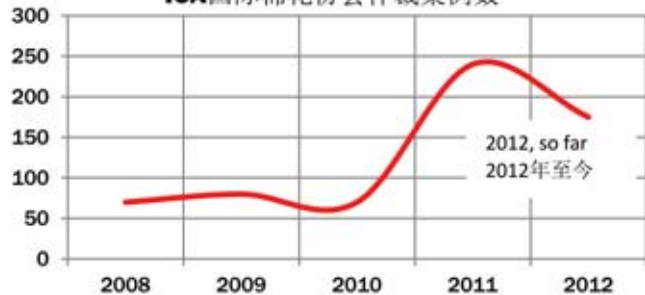
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**Fig. 1. Number of ICA Arbitration Cases**  
**ICA国际棉花协会仲裁案例数**



Number of ICA arbitration cases is proportional to market volatility over the years/国际棉花协会受理的仲裁案数量随着市场波动而增长

人们时常争论，建立价格保护措施主要是价值链参与者的责任。近年来，棉花种植者与零售商的利润都提高了10%。种植者、贸易商、棉纺厂与零售商都在不同程度地规避风险，服装生产商几乎没有规避风险的意图。另一个值得注意的现象是，当贸易商/销售商在为纺织业提供可靠的服务时，少数棉花种植者、加工厂与零售商都在规避风险，尽量减少自身损失。由于缺少规模和竞争力，一部分企业买不起任何保护措施。在这种情况下，一旦出现不利的情况，供应链中的各方都难逃一劫。目前，市场终于意识到信赖度的重要性，但同时，为了意识到这一点，市场也付出了巨大代价。

近年来，棉产业经历了不少波折，在棉花价值连中，所有的参与者都必须显示足够的可靠性，勇于承担风险管理责任，实现可持续经营。值得欣喜的是，越来越多的棉花栽培者与加工厂开始为合同提供保护机制。保护机制可根据栽培者与加工厂的特定需求与风险承受能力，进行制订。

随着行业前景的恢复，我们必须了解实际的运营成本，采取新的方式，加大对棉花价值链的投资。短期内，由于企业对交易对象的精挑细选，市场流动性将减少，这些交易对象信赖度较高，且没有被列入黑名单。要恢复棉花价值链的信赖度，企业也需要一定的胆量，根据法律规定进行交易，用正确的方式对待黑名单。



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# The Need of Reliable Parties to Maintain Forward Cotton Trading

By **Manu Taevernier**,  
Chairman Committee for International Co-operation between Cotton Associations (CICCA)



## 推动各方信赖、促进棉花交易

曼诺·泰伏尼尔  
棉花协会国际合作委员会（CICCA）主席

At the General Agreement on Tariffs and Trade (GATT) Uruguay Round, it was decided to bring the textile trade under the jurisdiction of the World Trade Organization. The Agreement on Textiles and Clothing provided for the gradual dismantling of the quotas that existed under the MFA (Multi-Fibre Arrangement). This process was completed on 1 January 2005, as WTO members had committed themselves to removing quotas by then. This measure has enabled developing countries to expand massively their textile industry and has brought fundamental changes in the global textile world. A shift in cotton fibre consumption has occurred from industrial countries to developing countries. The accompanying table highlights some of the most striking changes.

Unfortunately, the countries which benefited most from the changes are now amongst the countries that have the greatest difficulty in cotton contract performance. The movement from traditional to emerging textile countries has engendered a tremendous increase in defaulting parties, though it must be said that the market circumstances in which this has happened have been unprecedented.

The number of defaulting parties is growing day by day: from 2005, the year the MFA was phased out, we have seen an increase in defaulters (companies which failed to fulfil an arbitration award and named as such on the CICCA default list) of 118 percent. Countries that have seen the largest increase in consumption have also seen the greatest increase in contractual defaults. This is an unbearable situation if we want to maintain forward trading. The countries with the highest number of defaulting parties are listed alongside.

	2004/200	2011/2011
Bangladesh 孟加拉国	27	95
India 印度	47	82
Pakistan 巴基斯坦	24	47
Brazil 巴西	17	47
China 中国	2	33
Indonesia 印尼	9	29
Greece 希腊	6	27
Vietnam 越南	1	25

Forward trading is the principal method of conducting the cotton business. For instance, those in the garment industry have to place their orders to knitters / weavers / spinners long in advance. In turn, yarn and textile manufacturers have to buy raw cotton from the

Forward trading is the principal method of conducting the cotton business. For instance, those in the garment industry have to place their orders to knitters / weavers / spinners long in advance. In turn, yarn and textile manufacturers have to buy raw cotton from the

关税及贸易总协定（GATT）乌拉圭回合谈判结束后，纺织品贸易由世贸组织负责管辖。随着“纺织品与服装协定”的签署，自2005年1月1日起，在世贸组织成员的共同推动下，MFA（多种纤维协定）规定下的纺织品配额被逐步取消。这一举措使发展中国家进一步扩大纺织业规模，为全球纺织业带来巨大影响。发展中国家开始取代发达国家，成为主要的棉花消耗国。从下表中，我们可以看到一些令人惊异的变化：

	2004/2005	2011/2012	Change变 化 %
	Mln tonnes		
Canada 加拿大	65,000	1,000	-98,5%
EU 12 欧盟12国	581,000	167,000	-71%
US 美国	1,350,000	740,000	-45%
Bangladesh 孟加拉国	375,000	700,000	87%
India 印度	3,300,000	4,367,000	32%
Vietnam 越南	65,000	370,000	469%

遗憾的是，尽管部分国家从上述变革中获益，如今，他们却成为最难履行交易合同的国家。在新兴纺织品生产国中，产生大量的违约行为，尽管我们必须承认，他们所面临的市场环境也是前所未有的。

违约者的数量一天比一天多：自2005年MFA到期之日起，违约者（未能履行仲裁判决，被列入CICCA违约者名单的企业）的数量增长了118%。在棉花消耗量增长最快的国家中，违约者的数量也增长得最快。为了维持远期交易正常进行，这种情况是不能容忍的。在下列国家中，违约者的数量是最多的：

远期交易是棉花交易的主要方式。例如，服装厂提前多日向编织厂/针织厂/纺织厂下订单，纱线与纺织品制造商必须在收获季到来之前，向零售商/栽培者采购棉花，棉花贸易企业必须在收获季到来之前，提前向栽培者/轧棉厂采购，以满足客户的需求。在全球供应链中，每一方都必须承担责任，如果其中一方未能遵守承诺，将使整个供应链陷入瘫痪。

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merchant/producer even before it is harvested. Cotton traders also need to ensure their supply from the producer/ginner by buying ahead of the harvest in order to fulfil the needs of their customers. In the global supply chain, each party has obligations and if one party does not fulfil their commitment, it puts in jeopardy the whole cotton supply chain.

Whilst forward trading is an instrument needed for the sector, it carries tremendous risk when a party defaults. In order to minimize the time between purchase and supply, we notice that certain consumer markets with a high degree of defaulters are only able to buy cotton 'on the spot'. This is in fact leading to higher 'spot' prices as cotton is less abundant for immediate shipment, which ultimately affects financial profitability. The same situation occurs with producers/ginners that have defaulted; they will not be able to sell forward and use hedging tools to optimize their returns. We could therefore imagine that in the long run, if markets enter a more mature phase, defaults should be reduced as the financial consequences will ultimately prevail.

So, the keystone is reliability. International policies have been geared to helping countries develop but development also brings responsibility, particularly in terms of paying due regard to legal obligations. Without that, the cotton supply chain is threatened.

CICCA was established twenty-five years ago in order to provide a forum for determining how best to promote the sanctity of contracts and to maintain high standards of trading practices, which in turn should help avoid disputes. Today, this Committee comprises more than 18 Nations, most of whom are signatories to the New York Convention. CICCA represents over 1,600 companies trading raw cotton on the international market and undertakes all necessary steps to enlarge the Committee in order to embrace all segments of the industry.


Through its members, CICCA also provides an environment enabling forward trading to take place in an orderly manner. This order is very much in the interest of a sound, stable world cotton economy. For instance, The International Cotton Association, one of CICCA's key members, is working hard to organize seminars and provide trading courses to all parties involved in the sector, in order to improve reliability.

远期交易是一种必要的交易方式，但是，假如一方违约，另一方将承担巨大的风险。为缩短采购与供货之间的时间间隔，我们注意到，在某些消费市场上，许多违约方只能“当场”购买棉花，而许多棉花无法被立即运到交易现场，这样一来，棉花的“现场”采购价将上涨，最终对盈利产生影响。当棉花栽培者/轧棉厂违约时，也会发生同样情况；企业无法继续销售，并使用套期保值工具，优化回报率。所以，我们可以想象，当市场发展更为成熟时，违约行为将有所减少，因为违约将对企业财务状况产生严重后果。

因此，可靠度才是关键。国际政策帮助国家发展，但国家在发展的同时，也应承担责任，尤其是在承担法律责任方面，如果不这样做，棉花供应链将受到威胁。

CICCA于25年前成立，旨在维护契约的神圣性，确保各国遵循高标准进行贸易，并尽可能避免纠纷。如今，CICCA由18个成员国组成，多数成员已签署“纽约公约”。CICCA是1600多家棉花贸易企业在国际市场上的代表，委员会采取一切必要措施，积极吸纳各方成员，拓展会员规模。

CICCA及其会员努力营造环境，规范交易流程，确保全球棉花贸易实现稳定发展。例如，CICCA的主要成员“国际棉花协会”定期举办讲座，为棉企提供培训，协助企业提高可靠度。



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# Understand the Rules, Minimise the Risks, Reduce the Disputes

By Robert Jiang,  
China Business Development Officer, International Cotton Association



## 熟悉法规、降低风险、减少争议

罗伯特·蒋  
国际棉花协会中国区业务拓展专员

On a high speed train from Beijing to Qingdao for a training course on international trading, I was pondering that, like many facets of life, the pace of the cotton business had certainly increased. More pertinently, the rate of change of the market has on occasions surpassed the imagination of many. As a result of recent volatile changes, firms of all sizes and locations have experienced the aftermath of the shock waves, particularly in the area of contract performance. A recent count of the cases going to ICA arbitration shows for the first six months of 2012, there have already been a staggering 135 technical arbitrations and there is no sign that this trend is slowing down.

### Arbitration and defaults on the rise

Prior to 2011, the average number of arbitrations was less than 70 per annum. Since 2011, the number of arbitrations climbed up rapidly as shown in Fig 1. It can be said that the main trigger for this is the consistent decline of cotton price from its historical high in the early part of 2011. No doubt more arbitration cases result in a higher amount of firms to be placed on the list of “defaulters”, who are then recognised by the international trade as having failed to fulfil an arbitration award. Fig 2 shows the distribution of the average value of arbitration awards in 2011.

### Qingdao training

With these issues in mind, this year's training was directed at ways to minimise trade disputes and optimise risk management. Held in the Huangdao Free Trade zone, where China's largest cotton port and warehousing area are located, the training attracted 110 delegates from 13 provinces and

我从北京乘坐高速列车，前往青岛参加一项国际贸易培训，途中，我一直在思索，就像生活中的其他方方面面一样，棉花产业的步伐也在不断加快。有时，市场形势的变化超出了人们的想象。最近，由于棉价波动，各家企业，不论其规模大小，都在经历着价格的冲击和震荡。在合同履行方面，企业受到的冲击更大。2012年上半年，向ICA申请仲裁的案件明显增加，其中有135件技术仲裁，这种趋势还将持续，没有丝毫缓解的迹象。

### 仲裁与违约案呈上升态势

2011年之前，ICA每年收到的仲裁案还不到70件。从2011年起，仲裁案的数量迅速上升，如图1所示。仲裁数量的上升，主要原因是棉价的持续下跌，而在2011年初，棉价还处在历史高位。越来越多的企业被列入“违约者”名单，导致仲裁案的数量节节攀升，因为根据国际贸易法，这些企业未能履行仲裁判决。2011年仲裁判决的平均价值分布，如图2所示。

### 青岛培训

在牢记上述议题的前提下，今年的培训旨在减少贸易争议，优化风险管理。培训在中国最大的棉花港与仓储区：青岛自由贸易区举行，来自13个省份的110名代表参加了培训。在为期3天的培训中，14位行业专家通过实例，向学员们提供讲解，同时，还提供了充裕的时间，回答学员们的提问。本次培训由国际棉花协会与北京棉花展望信息咨询有限公司（BCO）共同举办，BCO是由中国棉花协会、中国全国棉花交易市场与棉花展望共同创办的合资企业。在3天的培训期中，学员们讨论了一些重要课题，这些课题对于当今市场具有重要意义，具体列举如下。

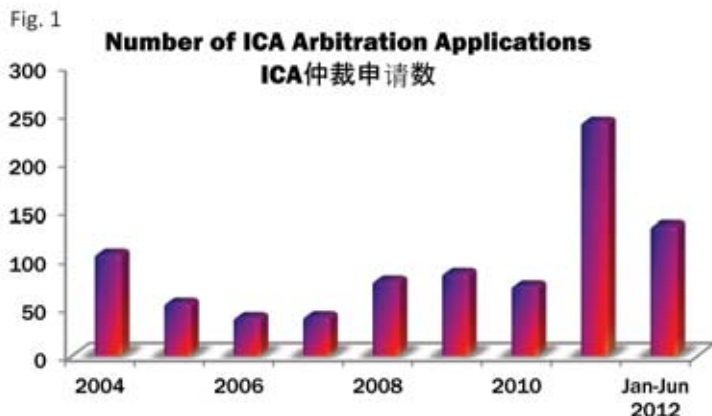
### 结价/合同收尾

如果合同根据“ICA章程法规”订立，那么，这项合同是无法撤销的，而是必须结价。简而言之，买方必须将棉花返销给卖方，销售价必须与合同收尾当日的市场价一致，双方也可另行约定销售价格。

如果合同收尾时，双方无法就价格达成一致，当市场行情下跌时，买方必须将市场差价赔偿给卖方，差价根据合同签订当日以及合同收尾当日的棉价波动决定，因为买方还能在合同收尾之日，以更低的价格从市场上购买同一种棉花，卖方也可以更低的价格出售棉花。

相反，如市场行情呈上升态势，如卖方违约，必须向买方支付差价，因为买方需支付比合同价更高的价格，从其他市场采购棉花，以替代未履行的协议。

如上述争议提请仲裁，仲裁员将根据第237条与第





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regions. The three-day presentation was conducted by 14 industry professionals, demonstrating many practical cases and providing ample time for questions and answers. The training was held by the ICA and Beijing Cotton Outlook Consulting (BCO) which is a joint venture between the China Cotton Association, China National Cotton Exchange and Cotton Outlook. During the three days, some key issues were discussed and considered extremely relevant and important to today's market and can be identified as follows.

### Invoicing back / Contract Closure

It cannot be over emphasised that if a contract is made subject to the ICA Bylaws & Rules, it cannot be cancelled but must be invoiced back, should it not be physically performed as expected. To put it simply, the buyer has to sell the contracted cotton back to the seller, at the market price prevailing on the date of closure of the contract or at a price agreed by the parties.

If the parties cannot agree the price at which the contract, or part thereof, is to be closed, in the event of a downtrend market, the buyer has to compensate the seller with the market difference i.e. any movement in the price of cotton from the contract date to the date of closure. This is because the buyer can then purchase the same cotton at a lower price from the market at the date of closure of contract and the seller is left trying to sell his cotton at a lower price.

Conversely, in an uptrend market, should the seller default, the seller has to pay to the buyer the market difference as the buyer needs to pay a higher price than contracted to replace the unfulfilled contracted cotton from other market sources.

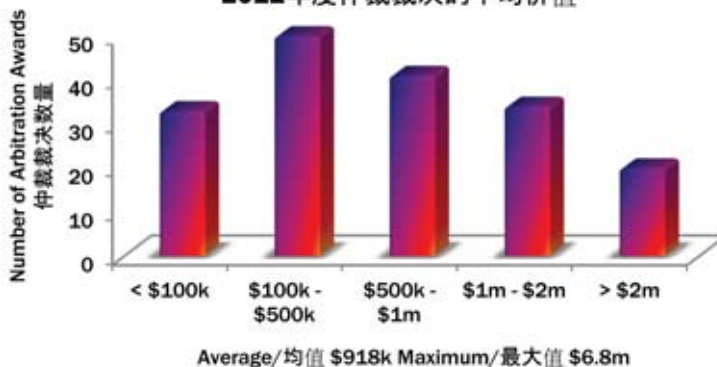
In the case of such a dispute going for arbitration, the arbitrators will, in accordance with Rules 237 & 238, place the parties, in so far as possible, in the original financial position which they would have occupied had the contracts been performed.

Whether a default is caused by late shipment or late opening of L/C, consideration of the market movements should not be the reason for breaching a contract, unless both parties agree to do so. They are entitled to agree additional remedial terms which will, by amendment, then supersede the original terms and conditions of the contract. Finally if for any reason a contract made subject to the ICA Bylaws and Rules, has not been, or will not be, performed, it will be closed through invoicing back in line with Rules 237 & 238.

### Risk management

Clearly it is of paramount importance to know your trading partner in advance of a deal. To minimise counterparty risk, it is necessary to check CICCAs (The Committee for International Cooperation between Cotton Associations) website ([www.cicca.info](http://www.cicca.info)), which provides an up to date list of firms which have failed to fulfil an arbitration award. The CICCAs default list includes the defaulting parties of all its 18 member associations. CICCAs Regulations prohibit members of its member associations from trading with any firm which has been placed on the CICCAs default list. Any non-registered firm trading with a defaulter will not be allowed to use the arbitration service should a dispute arise. The ICA also publishes an Advisory Notice list which highlights firms which are found to be corporately 'related' to defaulters, based on factual evidence obtained from investigations.

Fig. 2 Average Value of Arbitration Awards in 2011  
2011年度仲裁裁决的平均价值



238条仲裁法的规定，假设在合同按时履行的前提下，尽量将双方放在其应有的财务地位上，进行考量。

不论违约是由何种原因引起，运输延误还是信用证迟开，对市场波动的考量都不是违约的理由，除非双方都同意这样做。双方有权约定其他补偿条款，代替原有的协议条款。最后，凡是遵循“ICA章程与规则”订立的合同，如果该合同未能，或是无法履行，双方可根据第237条与第238条仲裁法的规定，通过结价方式终止合同。

### 风险管理

在交易开始前，企业必须对贸易伙伴有充分的了解，这一点非常重要。为尽量减少对手风险，交易方应浏览CICCA（国际棉花协会合作委员会）网站（[www.cicca.info](http://www.cicca.info)），查看最新违约企业名录，凡是未能履行仲裁判决的企业，都将被列入这个名单。CICCA违约名单中，包括其18家会员协会中的所有违约方。根据CICCA法规，会员协会禁止与“违约名单”上的任何企业进行交易。凡是与违约企业进行交易，且未进行登记的企业，一旦发生纠纷，将无权享受仲裁服务。ICA还公布了一项“忠告性通知”名录，基于事实调查的结论，凡是与违约企业“有关联”的企业，都将被列入名单。

这些举措并非绝对安全，但的确帮助企业选择可靠的合作伙伴，当一方违约时，可以避免受到制裁。

价格波动不一定对商品市场有害，但是，价格波动却是违约行为的催化剂。近年来，中国在使用金融工具、减少市场风险方面，已取得长足进步。ZCE（郑州商品交易所）的交易量明显上升，因为投机商在商品交易方面积极投入流动资金。期货公司正准备根据ICE（洲际交易所）契约第2条的规定进行交易。不过，在现有的各种期货合同中，从增长率、运输地点、套期保值方面，都存在一定的局限性。

即期合同更容易被人们接受和使用，可以根据买方的利益，对市场波动进行管理。

在品质索赔与重量索赔方面，企业更注重时间限制与索赔程序，以确保争议能够顺利解决。





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These measures are not an absolute safety net, but do assist reliable companies to choose their business partners and to avoid the sanctions that would be applied in the event one was found to be trading with a defaulter.

Though not necessarily detrimental to the commodity market, price volatility can be a catalyst for defaults. In recent years, progress has been made in China using financial tools to minimise market risks. ZCE's (Zhengzhou Commodity Exchange) volume has increased significantly, due in part to speculators who contribute to liquidity as at any active commodity exchange. Appointed futures companies in China are in preparation to trade on ICE (InterContinental Exchange) Contract No.2. However, limitations have also been recognised in various exchanges' existing futures contracts in terms of the growths covered, shipment locations and months in order for them to be an effective tool for hedging.

On Call contracts have been better accepted and utilised to manage market volatility to the buyers' advantage.

In quality and weight claims, firms place more attention to the time limits and claim procedure to ensure any dispute can be resolved as smoothly as possible.

### Agent

A deal is sometimes brokered by a seller's or buyer's agent. However, in some cases it is only at the time the contract is written that the buyer's or seller's name is published. This raises two questions. 1) Is an agent fully familiar with the international trade rules? 2) Is the agent acting solely as a seller's or buyer's agent, or as a joint principal? In the latter case the agent may then be liable for the performance of the contract should a dispute arise. In recognition of the market requirement, the ICA has recently initiated an 'Agent Member' category and



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### 代理人

有时，违反合同约定的是买方或卖方的代理人。不过，在某些情况下，只有订立书面合同之时，买方或卖方的姓名才被公开。这就引起两个问题。1) 代理人是否熟悉国际贸易法? 2)



) 代理人是买方或卖方的全权打理人，还是共同代理人? 如果是后一种情况，一旦发生争议，则代理人应对合同的履行承担责任。考虑到市场要求，最近，ICA公布了一项“代理人名录”，并向代理人提供培训，确保他们能根据国际贸易法的规定，代替买卖双方履行职责。

我在上海和北京出差期间，见过一种截然不同的代理人：“信用证开具代理人”。他们的唯一职责就是，代表买方开具信用证。这种代理人通过向买方收取押金的方式，管理金融风险，一旦市场价格出现波动，代理人将提高押金的数额。尽管如此，当价格的跌幅超过押金的数额时，仍然会产生风险，有时，由于送货延迟，信用证的期限也将延长。如果买方无法提高押金数额，代理人就会立刻遭遇市场风险。而且，合同条款必须清晰，必须写明哪一方负责履行合同，这样，一旦产生争议，双方的责任就能清晰定位。

### 政府政策

近年来，印度政府的政策和行动引起极大反响。或许，这也能产生积极影响，促使贸易双方对合同中的“特殊条款”引起重视。由于中国缺少进口配额分配，致使一些采购商处于尴尬

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