Cotton Outlook

Special Feature

October 2021

ICA Trade Event 2021
Cotton Connected

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‘Cotton Connected’ – a physical and virtual return to Liverpool

Alice Robinson,
Market Analyst, Cotton Outlook

Following a hiatus in 2020, caused by the unprecedented circumstances surrounding the Covid-19 pandemic, the International Cotton Association’s annual Trade Event returns to Liverpool in 2021, albeit in a new form. With the ICA’s first ‘hybrid’ trade event, the Association hopes to bring together those delegates that are unable to travel internationally, as well as industry members who can attend in person, under the theme ‘Cotton Connected’.

When we last met in Liverpool, in 2019, the cotton industry had recently undergone a period of anxiety as regards trade tensions between superpowers, execution of contracts and global oversupply of cotton lint. How things can change in two years! Although many of those issues persist to some degree, all were eclipsed by the spread of Covid-19, and international efforts to combat the virus rendered other concerns virtually moot.

Fast forward to the present day, and the fortunes of our host city in the past two years have been mixed – a lengthy lockdown and extensive vaccine distribution programme were punctuated by the ascent of Liverpool Football Club, following a wait of 30 years, to Premier League champions in 2020, although Covid-related restrictions precluded the customary parade of the trophy through the city (here’s to 2022)!

For now, *Cotlook* is pleased once again to be able to partner with the ICA in producing this Special Feature, and extend sincere thanks to the Secretariat, including Managing Director Bill Kingdon and the principal officers of the ICA, as well as all our eminent contributors for their expertise, without whom publication of this title would be impossible.

Incoming President Alex Hsu gives his perspective on the unique challenges now facing the industry, and the role of the ICA as we begin to navigate life, and trade, in the wake of the pandemic. Our very own Mike Edwards presents an overview of two perilous years that included a tightening balance sheet and sustained price rally that saw the Cotlook A Index breach the dollar mark, a level that has seldom been surpassed in the Index’s history. Peter Egli offers insight into the potential influence of various macro-economic factors on futures prices in the coming year. Harry Bennett tackles the far-reaching impact that freight and shipping issues have had on physical delivery of products in all sectors of the cotton supply chain and beyond. Our contributor from China, Zheng Shengwei, offers a look into the particulars of Chinese stock levels and raw cotton imports, as dictated by State Reserve and import policies. Eimear McDonagh gives an update on the progress made by the ICA’s landmark Women in Cotton initiative. Lastly, Bill Ballenden considers the outlook for trade relationships, travel and remote working in a world that is beginning finally to recover, we hope, from the effects of the Covid-19 virus, almost two years on from its emergence.

Those of us lucky enough to attend the ICA’s 2021 Trade Event in person look forward to catching up with friends we may not have seen for two years or more, and for the delegates joining virtually, may the time until we meet again be brief. With that, we hail the return of this most prominent event in the global cotton calendar – a gathering that, like the city of Liverpool itself, always has one eye on the future, while never forgetting the importance of what has gone before.


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Interview with Alex Hsu, incoming ICA President

Managing Director,
Formosa Trading Co., Ltd.

Cotton Outlook: Congratulations on your imminent accession to the post of ICA President. From a personal and professional perspective, can you sum up what this means to you?

Alex Hsu: It is a great honour to be entrusted with this position by the cotton industry. As cotton has been our family's business for over 50 years, this is a special privilege which holds significance from both a personal and professional perspective. My father, William Hsu, dedicated his entire career to the advancement of cotton interests in Asia, and I believe this post also represents a recognition of his service to the industry. I look forward to serving the Association to the best of my ability.

CO: You assume the role following a period during which events have eclipsed any market disruption in living memory. In that context, what are the major challenges that the ICA is likely to face during your term of office?

AH: The pandemic has disrupted the global economy and affected people's lives in an unprecedented way. The cotton industry bore the early brunt of these disruptions, as the retail sector abruptly came to a standstill. Thankfully, the development of vaccines has greatly contributed to the revival of global trade. In the coming year, the ICA will be challenged to adapt to many of the issues brought to light during the pandemic, including the disruptions to retail demand, to existing contractual commitments, and to global logistics.

CO: Training and development have been a key part of the ICA's activities for many years, but the impact of Covid has precluded the running of the popular Complete Cotton course and the Association's university programme has recently come to an end. How has the pandemic changed the way that the ICA looks at training, and what fresh innovations could be employed?

AH: The ICA has remained committed to providing professional development for the cotton industry. The pandemic fundamentally affected many aspects of the business world, and the ICA has used this challenge as an opportunity to evolve its training offering.

For the first time, the ICA has launched an online professional development series aimed at young professionals or those at an early stage of their cotton careers – the ICAspire Innovation and Leadership Series. Delivered by Bill Ballenden (ICA President 2018/19) and featuring a line-up of industry experts, the series has been very positively received by participants, proving the potential for online events delivered by the ICA.

However, we know that when possible, training and networking in person have benefits that the online versions simply cannot deliver to the same extent. So, the ICA will resume Complete Cotton once travel restrictions are reduced sufficiently for the course to be restored in its usual, face-to-face format. The next Complete Cotton course is due to take place from 25 April – 6 May 2022 in Liverpool, UK.

The ICA will continue to explore opportunities for both online and in-person training in the future to meet the needs of its members and the industry.

CO: The ICA's annual Trade Event and dinner is of course a highlight of the cotton calendar. This year, the gathering returns to Liverpool for a hybrid event, following last year's virtual conference. How would you characterise the importance of face-to-face meetings in terms of making and maintaining relationships within the industry, and is there a place for more virtual events in future?

AH: The cotton industry has always been prized for the camaraderie amongst industry participants, and I believe that personal interaction will continue to be a cornerstone of the industry. However, the necessity of virtual meetings has opened new channels for the ICA to serve the industry and extend its reach. The Virtual Trade Event last fall reached a new audience. We are committed to building on what we learned last year and sustaining the virtual audience as well as those who are able to join us in person.

We are proud of the Women in Cotton group. They recently launched their Chats for Change and Global Cafés – free, online events – which have been extremely well received and allowed the ICA to engage with members and industry participants with greater frequency than ever before.

The ICA will continue to explore opportunities to supplement our physical events with virtual events, to expand the ICA's engagement with the global cotton community.

CO: Perhaps the most prominent effect that the initial phase of the Covid pandemic had on the cotton and textiles industry was the loss of demand for raw materials. However, we can already see a much stronger recovery than many had dared to hope for. What do you envisage for mill demand and global consumption in the next twelve months?

AH: Global consumption has recovered much better than expected, and we have seen demand outstrip supply in the past weeks and months, as the economy began to recover and the retail sector began to rebuild inventory. For the coming year, much will depend on the performance of the current planted crops, and their ability to satisfy downstream demand. In addition, global logistics issues continue to plague the ability of merchants to reliably deliver cotton to mills, further exacerbating the shortage of physical cotton at destination.

CO: As you indicate, over recent months, logistics have emerged as a major obstacle to the timely supply of cotton across the world. At the same time, the trade has complained of peremptory increases in freight rates or the sudden introduction of surcharges. What can be done to address these issues? Could the ICA have a role?

AH: Shipping logistics have been a major obstacle to global trade during the pandemic, not only for the cotton industry, but for all products. Even now, many retail locations around the world display empty shelves due to the shortage of inventory. Efforts to alleviate this situation will require communication from not only the ICA, but all participants in global trade.

CO: We hear a lot in the media about the environmental impact of plastic pollution, but textiles are rarely mentioned. How can we do more to promote cotton's credentials as a biodegradable and thus more sustainable resource? In this regard, what impact do you believe World Cotton Day has had on the perception of cotton, and how can that be capitalised on going forward?

AH: The ICA fully supports sustainability as a crucial initiative to protect the environment and ensure a viable future for mankind. We actively seek to partner with organizations that support sustainability, such as BCI, organic, CMIA, and the US Cotton Trust Protocol.

World Cotton Day is a great effort to promote the sustainability of cotton as a natural textile fibre, and we fully support this effort. The ICA Hybrid Trade Event will feature a dedicated 'Cotton Connected' session for World Cotton Day as part its programme this year.

CO: In May of last year, the ICA joined with other industry bodies in a Call for Collaborative Action, in response to the severe difficulties that the actions of certain retailers and brands in particular were causing throughout the cotton-textile supply chain. More than a year on, are there grounds for optimism that the message has been heeded? Post-Covid, can the cotton supply chain 'build back better', to borrow a phrase?

AH: The ICA is fully committed to ethical trading in all sectors along the cotton supply chain: it is the bedrock of the Association. However, more than a year later, the world economy is still in the midst of the Covid pandemic, and with the implementation of vaccination options, is just beginning to emerge from the turmoil. Building collaboration along all steps of the cotton industry will be a multi-year process, but I am optimistic that we will eventually establish better communications between all industry players, leading to more sustainable solutions for all parties involved.

international cotton association

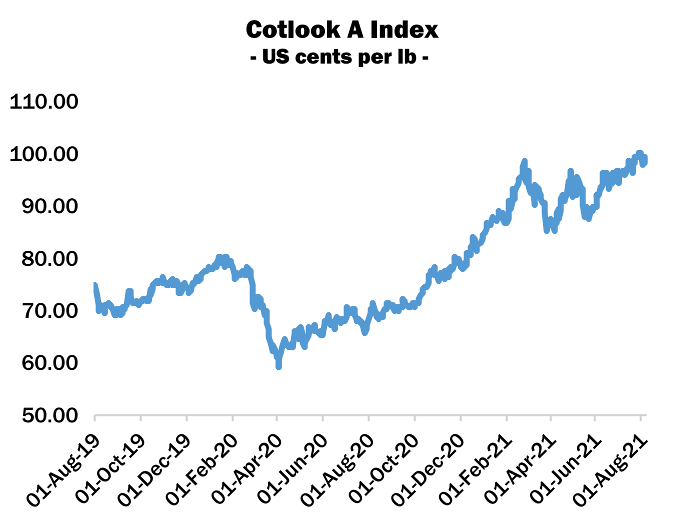
Two tumultuous years in the world cotton market

Mike Edwards,
Editor, Cotton Outlook

Phase One restores optimism

As delegates gathered in Liverpool for the International Cotton Association's 2019 Trade Event, world cotton prices, as measured by the Cotlook A Index, were in the low 70s cents per lb, close to their long-term average.

The bias, however, was to the upside. In that week's Cotton Outlook, alongside coverage of the ICA event, we reported the latest of a series of bilateral meetings between representatives of China and the United States. The process was to culminate in the signature of the Phase One trade agreement in mid-January 2020, at which time the Index crossed the threshold of 80.00 cents per lb.



Then Covid prompts collapse

That was to prove the high watermark of the 2019/20 season, for then came Covid.

We need not dwell on the speed with which the outbreak in Wuhan reached epidemic then pandemic proportions. Across the world, urgent public health measures closed spinning mills and retail outlets alike. Cotton textile supply chains suffered severe disruption. Estimates of world raw cotton consumption were rapidly adjusted downward. Those of production were barely altered: the Northern Hemisphere harvests were by then complete, while in the Southern Hemisphere cotton was already in the ground.

World prices collapsed. By early April, the A Index had fallen to below 60.00 cents per lb – a decline of about 25 percent in just two and a half months.

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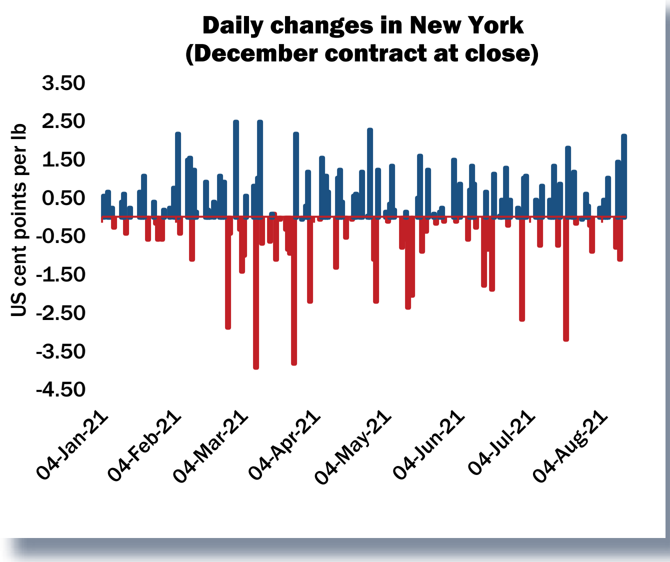
An unlikely recovery

The recovery that followed was as unexpected as it was remarkable for its strength and duration. World prices traced a more or less unbroken upward trajectory that saw the A Index rise to within 150 cent points of a dollar by late February 2021.

There ensued a period of substantial price volatility and considerable uncertainty with regard to the future direction of the market. Outside influences frequently gave rise to sharp daily fluctuations in New York, generally unrelated to cotton fundamentals. Demand in the physical market was characterised by caution, as many spinners covered their needs in hand-to-mouth fashion, for fear of a significant downturn in the market. The persistence of the pandemic meanwhile created doubts with regard to the future of downstream demand for yarn.

Despite the erratic behaviour of futures and the apprehension of mill buyers, international trade sentiment inclined to the bull side during the early months of 2021, for two principal reasons.



US balance sheet tightens

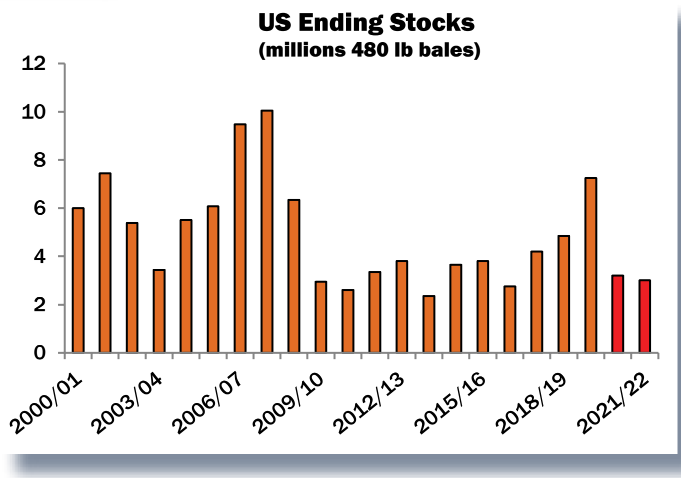
First, it was already clear that during the 2020/21 marketing year the United States balance sheet had tightened in a manner few had foreseen. USDA's forecast of the 2020/21 crop had been reduced progressively, from 19.5 million bales as late as June 2020 to just over 17 million in September. The final figure would be close to 14.6 million bales.

Meanwhile, export demand for US cotton was strong, as Beijing made good on its commitments under Phase One and government buying was complemented by demand from spinners, as well as state-owned and private traders. The 2020/21 season's onerous beginning stock of 7.25 million bales (480 lbs) had by the time USDA released its August assessment been reduced to a carryover of just 3.20 million, the fifth lowest recorded since the turn of the century.

The US production outlook meanwhile looked distinctly precarious in the early spring of this year, as drought conditions persisted across West Texas, while there seemed every reason to suspect that China would once again be a major buyer of US cotton in the 2021/22 marketing year. Based principally on these two elements, the bullish narrative seemed clear.

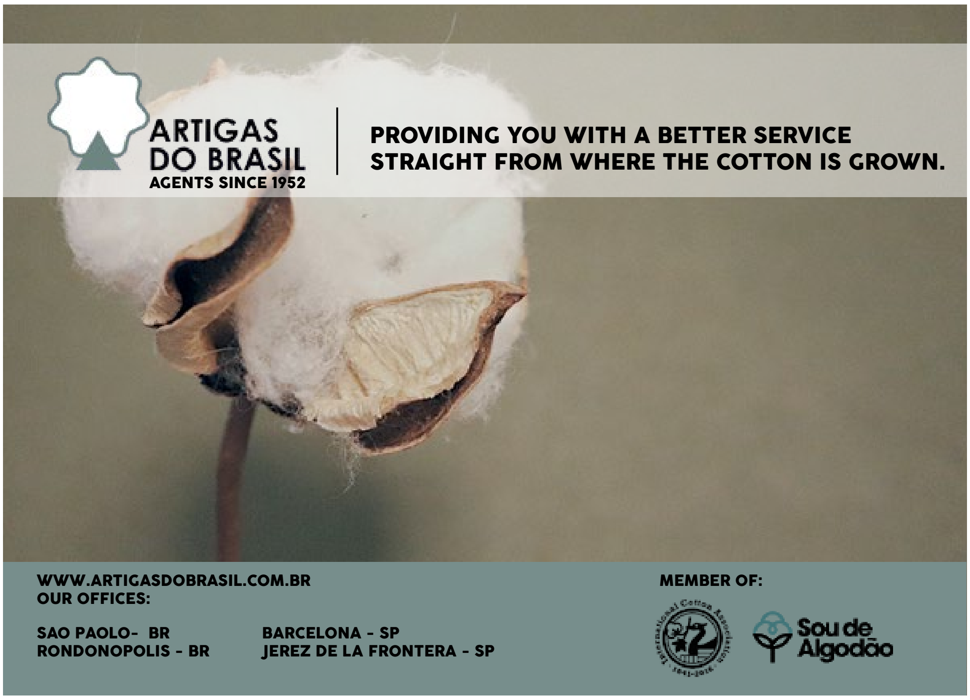
In the event, rainfall during May, June and July radically transformed the outlook for the most important growing region in the United States. By late July, Cotton Outlook's forecast of US production was equivalent to 18 million bales.

The expectation that China would again be an active and politically motivated purchaser of US cotton had not been realised by the end of the season. When the 700,000-tonne Sliding-Scale import quota announced at the end of April was finally allocated to spinners in July, it was mainly deployed to purchase stocks held on consignment, principally by state and local trading companies, rather than cotton for shipment offered by the international trade.



China's State Reserve

However, the disposal of additional quantities of ageing cotton from the State Reserve on the domestic market raised expectations that the Reserve would seek to replenish those supplies from the world market. If compliance with Phase One were a factor (a premise that some observers have come to doubt), US cotton could be the focus of government buying. On logistical considerations, Brazilian seemed to be the other origin with the potential to make good the old crop sales under the 'rotation' policy that has guided State Reserve actions in recent years.



Last year saw Brazil produce a record crop just in excess of three million tonnes and the country's emergence as the world's second largest exporter. The shipment of 2.4 million tonnes in the period from July 2020 to June 2021 (the marketing year for the 2020 crop) represented a major logistical achievement. Although the 2021 crop promises to be about 600,000 tonnes smaller, the battle for machine-picked market share with the US will be a feature of international trading for the foreseeable future. For the season ahead, the recovery of production in Australia and the virtual closure of the Chinese market to that origin adds another major contender.

Dollar Index as demand returns

Yet world prices have not reacted negatively to the partial undermining of the bullish case outlined above. The Cotlook A Index ended the 2020/21 season above a dollar, having gained over 30 cents (44 percent) in twelve months. The dollar threshold was last crossed in June 2018, before the twin shocks of the Sino-US trade conflict and the Covid pandemic. During its 55-year history, a dollar A Index has been an infrequent occurrence, and rarely sustained for long.

The market's resilience can be ascribed to a number of factors. Spurred by the policy of unrestrained monetary expansion pursued by the Federal Reserve and other central banks, as well as inflationary expectations, speculative interest in New York, as in a broad range of other commodity markets and financial assets, has remained strong. Since November of last year, the speculative net long margin in New York has rarely dipped below 30 percent of the open interest in futures.

Equally important has been a resurgence of mill demand in the physical market. Purchasing at a number of destinations has been lent greater urgency by the fact that many spinners, apprehensive of a downturn in cotton prices and/or a Covid-related slowdown in offtake for yarn, had reverted to a hand-to-mouth buying policy, as mentioned above. Few had anticipated that nearby availability would become problematical or that turmoil in global shipping logistics would cause such disruption and delay to raw cotton shipments. Finally, activity in the downstream textile and clothing sectors has been revived more quickly and strongly than many had believed possible in the first phase of the pandemic.

A raft of retail sales data from consuming markets, as well as textile export statistics from markets such as Pakistan, Bangladesh, Vietnam and others, attest to the strength of the downstream recovery. Pent-up retail demand and the disposable income accrued during months of virtual confinement have reinvigorated the entire cotton textile supply chain.

In the circumstances, many spinners have been enjoying excellent margins on cotton yarn sales. There is much talk of investment in new spinning capacity and consumption is on the rise once again.

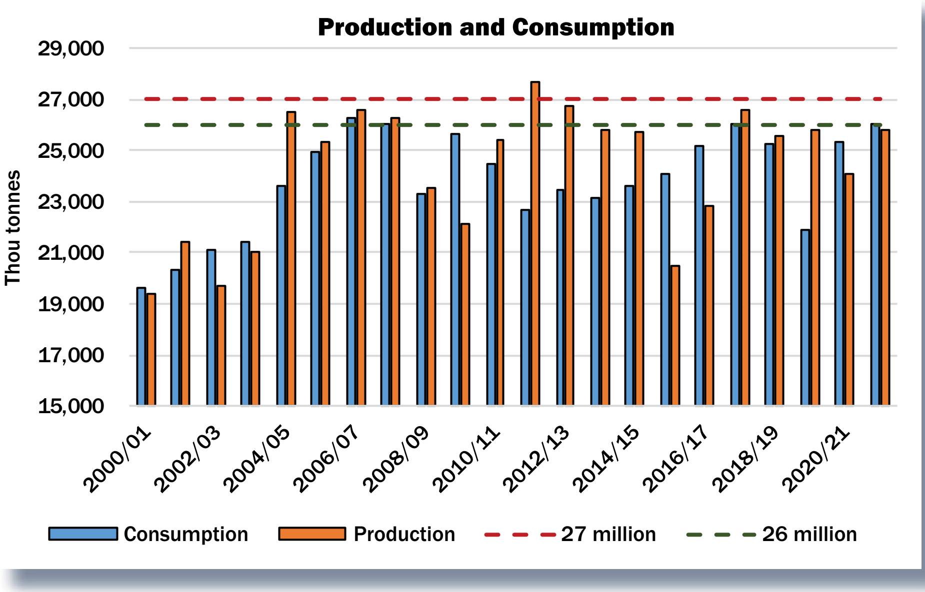
World supply and demand

Global consumption in the 2021/22 season promises to revisit the levels (in excess of 26 million tonnes) recorded shortly before the dual shock of the trade war and pandemic. Barring fresh setbacks, mill use should rise towards 27 million tonnes, as economic expansion and population growth, the two principal drivers of fibre demand, reassert themselves.

If that proves to be the case, a greater tension between global supply and demand may well be in prospect. That world production can comfortably exceed 26 million tonnes is a matter of record: the threshold has been crossed on six occasions this century (our current forecast for the season ahead is 25.8 million). However, to maintain or surpass that level on a consistent basis would require a sustained conjunction of favourable conditions in a number of major producing countries. In an era increasingly prone to the effects of climate change and the associated extreme weather events, that can by no means be taken for granted. World output has surpassed 27 million tonnes only on one occasion, in the season that followed the record world prices attained in 2010/11. Both production and consumption may test new limits during the third decade of the century.

At the time of writing in early August, the Cotlook A Index remains close to the dollar mark and well supported by mill demand. It would therefore seem that the global cotton market has weathered the storms of the past two years remarkably well. World prices are remunerative for the producer, while most spinners are generating highly satisfactory profits on cotton yarn sales.

The pandemic is not of course over and further unforeseen shocks may lie ahead. If growth in consumption can be sustained, however, the outlook for world prices and international trade appears more promising than many would have dared hope during the tribulations of the past two years.

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Follow the money!

Peter Egli,
Director of Risk Management, Plexus

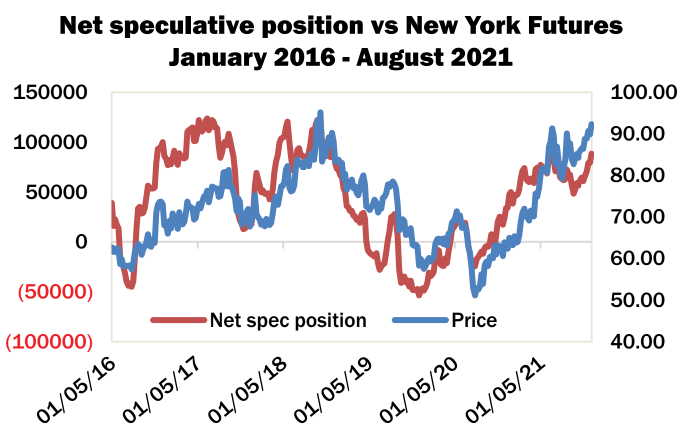
Since I am writing this column in early August, it would probably be futile to predict where cotton is going to trade at the time it goes to print. While the major Northern Hemisphere crops look mostly fine at the mid-summer point, there is still a lot of weather to negotiate and the supply/demand situation is therefore very much in flux.

I shall instead comment on factors that might influence the cotton market over the medium and longer term, such as the role of speculators, the inflation/deflation debate and climate issues.

If I were allowed just one forecasting tool in my cotton market analysis, I would choose the net speculative position, as reported by the CFTC every Friday. I am using data from the legacy CIT report and consider all positions that are not labelled "commercial" or "index traders" as being speculative. I realise that there are other ways to break down the numbers, but they more or less tell the same story.

What I like about the net speculative position, especially the portion pertaining to large professional outfits, is that it integrates cotton fundamentals, economic and political developments, as well as technical factors into the decision making process. In other words, sophisticated speculators use a broad spectrum of information, while fundamental traders often get caught up in the minutiae. The cotton balance sheet does of course matter, but there are many other factors that can drive the market.

When the spot futures contract dropped to a low of just 48 cents as the pandemic unfolded in the spring of last year, the net speculative position had slipped to a negative 2.44 million bales. This was not the first time in recent years that the net spec position went negative: in August 2019 it dropped to a record 5.36 million bales net short and spot futures were trading in the high 50s. Before that, in March 2016, speculators went 4.49 million bales net short, with futures also hovering in the high 50s at the time.



It is therefore fair to say that whenever the net speculative position is small, cotton prices tend to be under pressure, while the opposite is the case when speculators build sizeable net long positions. The accompanying chart illustrates this correlation quite clearly!

Therefore, since 'following the money' seems to lead us in the right direction, we need to have an opinion about how the speculative position might change as we move forward.

The current narrative is that inflation will prevail and possibly become a lot worse over the coming years, which is why speculators generally subscribe to a bullish view on commodities. Inflation has indeed accelerated to its highest level in 13 years, as supply chain shortages and consumers armed with pockets full of money have sent the prices of goods and services soaring. However, the big question is whether this is a long-lasting phenomenon or a transitory one, as Federal Reserve Chairman Powell claims.

Since the collapse of global GDP in early 2020, governments and central banks have been papering the hole over, be it by dramatically lowering rates and injecting funds via quantitative easing (QE) into the banking system or by handing out generous amounts to businesses and individuals. Unlike in the 2008 crisis, when 'Wall Street' was the beneficiary of the rescue effort, this time around 'Main Street' has received its fair share as well.

However, while the majority of investors and traders honed in on inflation, there are some conflicting signals that point to potential disinflation or even deflation in the not-too-distant future. Ten-year bond yields have been trending lower all over the globe and the velocity of money remains depressed.

In this regard it is important to understand that the Federal Reserve's quantitative easing is not money printing in the traditional sense, but rather an asset swap with banks, through which money is injected into the banking system. However, if that money does not get loaned out and turned over in the economy, then the velocity of money remains slow.

What would stoke inflation is a continuation of fiscal stimulus to municipalities, businesses and individuals, but I believe that we are now entering a 'cooling off' phase in that regard. I currently don't see the political will to keep this deficit spending going at the same speed, and therefore expect economic growth to start slowing, either later this year or in early 2022. Once supply chains start to normalise and consumers have used up most of their excess savings, it might knock the wind out of inflation, at least temporarily.

Backwardation in commodities, which has reached a 15-year high, is another indication that we might be near some sort of a top. It suggests that the current tightness in spot markets is expected to ease. Supply chain shortages and disruptions have led to hoarding and demand being pulled forward, which has spiked prices, but in a highly inflationary environment we wouldn't see the price of crude oil trade 12 dollars/ barrel cheaper for 2024 delivery. The same is true for about half of the commodities in the Goldman Sachs Commodity Index.

I could therefore envision another period of economic weakness that leads to a 'risk off' move in financial markets, which in turn would prompt speculators to trim their net long positions and thereby force prices lower. However, such a correction would likely be short-lived, as it would be countered by massive new fiscal stimulus that might include permanent fixtures like UBI (Universal Basic Income), subsidised housing, free education etc., which would drive unchecked inflation.

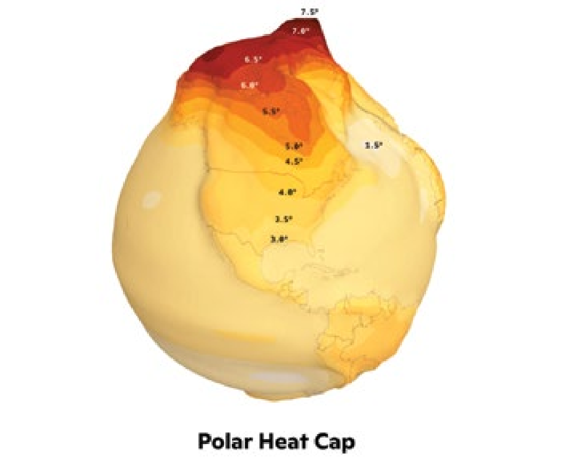
In other words, while I ultimately see much higher nominal prices for cotton, I don't think that we will get there in a straight line, as we might have to contend with a whiff of disinflation or even deflation first. Timing these events is difficult, which is why following the lead of speculators might help us to navigate through the volatile times ahead.

Climate matters

Unfortunately, we can't talk about the future of cotton prices without including some thoughts about climate change. Extreme weather events have become more common in recent years and this summer has reminded us of that in stark fashion, be it with the heatwaves and wildfires in the Western US/Canada, Southern Europe and Siberia, or the extreme flooding in Germany, China and New Zealand.

We are suddenly hearing about 'thousand year droughts' or 'historic floods' several times in a decade, and we no longer need science to remind us that something is afoot. Record temperatures of 38°C in Siberia or 49.6°C in British Columbia this summer would have been extremely unlikely without anthropogenic climate change.

Let's face it, this has nothing to do with political or religious beliefs, which too often seem to bleed into the climate discussion, but is simply a matter of physics. In a nutshell, temperatures in the arctic are



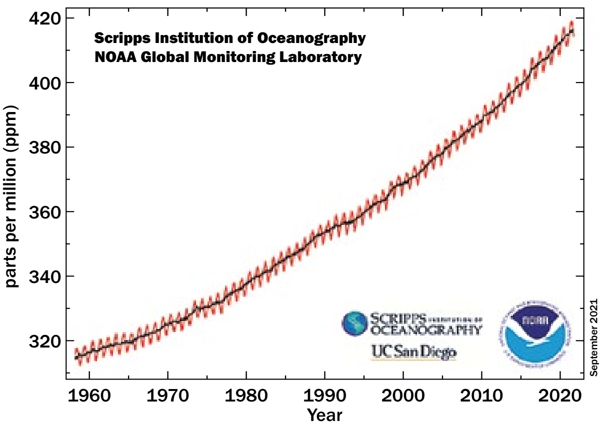
Showing warming as elevation demonstrates the disproportionate effect of climate change on the Arctic. Values represent projected 2040-2060 temperatures (RCP 8.5) minus 1880–1920. Data from KNMI Climate Explorer. Map by Greg Fiske.

warming about three times faster than in the mid-latitudes, which lessens the temperature and pressure differences between these two regions and thereby causes the jet stream to weaken.

The jet stream is responsible for transporting weather systems in an easterly direction around the globe. A weaker jet is more prone to amplified meandering that can wreak havoc on weather systems. Sometimes high or low pressure patterns get stuck in place for extended periods of time, which is known as 'blocking', and this in turn can cause said extreme weather events.

Despite efforts by governments, like the Paris Agreement, or the green movement that is starting to take hold in many economies, we have yet to see a change in the rapid rise of atmospheric carbon dioxide. As this chart from the Mauna Loa Observatory shows, atmospheric CO_2 has risen to 420 ppm (parts per million), which compares to less than 320 ppm in the early 1960s.

Atmospheric CO_2 at Mauna Loa Observatory



To make matters worse, the thawing of the permafrost in Arctic regions, notably Siberia, has started to release large amounts of carbon dioxide and methane into the atmosphere. To put this into context, the Earth's atmosphere currently contains around 850 gigatons of carbon and scientists estimate that there are about 1,400 gigatons of carbon frozen in the permafrost.

That doesn't mean that all of this carbon will end up in the atmosphere, but even a small percentage might be enough to upset an already fragile climate balance.

I believe that extreme weather events are going to occur more frequently in the years ahead and start to pose real challenges to cotton production. Storms like Harvey, which in 2017 destroyed a large part of the South Texas cotton crop, or Hurricane Michael, which in 2018 wiped a million bales off the output in the US Southeast, will no longer be outlier events. Neither will droughts or early cold snaps, like the one that took a big bite out of the West Texas crop last season.

For growers it has always felt like they are playing Russian roulette when it comes to the weather, but in the future there will be two or three bullets in the chamber instead of just one!

The shipping and freight issues that have impacted the cotton market

Harry Bennett,
Commodity Consultant, EH&W Ltd & Founder of TheCommClub

"Unprecedented times": two words that have been commonplace over the past 18 months. There can be no doubt that the disruption to shipping is a direct consequence of Covid-19, and has changed the world as we know it - not least the way we do business, and the macroeconomic landscape that we now endure. The world was brought to a standstill back in March of last year, which coincided with significant corrections in both the equity and commodity markets. The latter, and more specifically the logistical hurdles we have been navigating in terms of cotton, are our primary focus today.

Covid-19 hit the cotton sector hard. Lockdowns meant shipments were rolled, contracts either closed out or renegotiated, with shipments and delivery periods disjointed. The fragmentation of outbreaks around the world meant timings were different for each continent. The disconnection and overnight drying-up of demand briefly created a ripple effect of seismic magnitude. When we cast our eyes back to the very first lockdown, we see a surge in e-commerce sales, particularly for towels, home furnishings and loungewear. The shift from brick and mortar to online platforms meant enormous volumes of traffic/trade were passing through the web at an alarming pace. This is perhaps best highlighted by the significant increases in the share prices of online retail giants Amazon and Zalando. Online clothing platform Zalando saw its share price rise from 27.27 EUR per share to 103.27 in just under a year. (**Figure 1**)

Figure 1. Chart of Zalando's share price from 2020 – 12th August 2021.

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Spinners who had not prepared for this demand and were operating on a hand to mouth basis faced issues with delivery, shipment periods and inflated costs. A bottleneck (or constraint) in a supply chain is created when there is a dramatic increase in demand for inventory, coupled with a lack of supply. This was a prime example of such an event. Spinning mills were concerned about holding too much physical stock due to the risks that were imposed, but needed to fulfil orders from respective buyers.

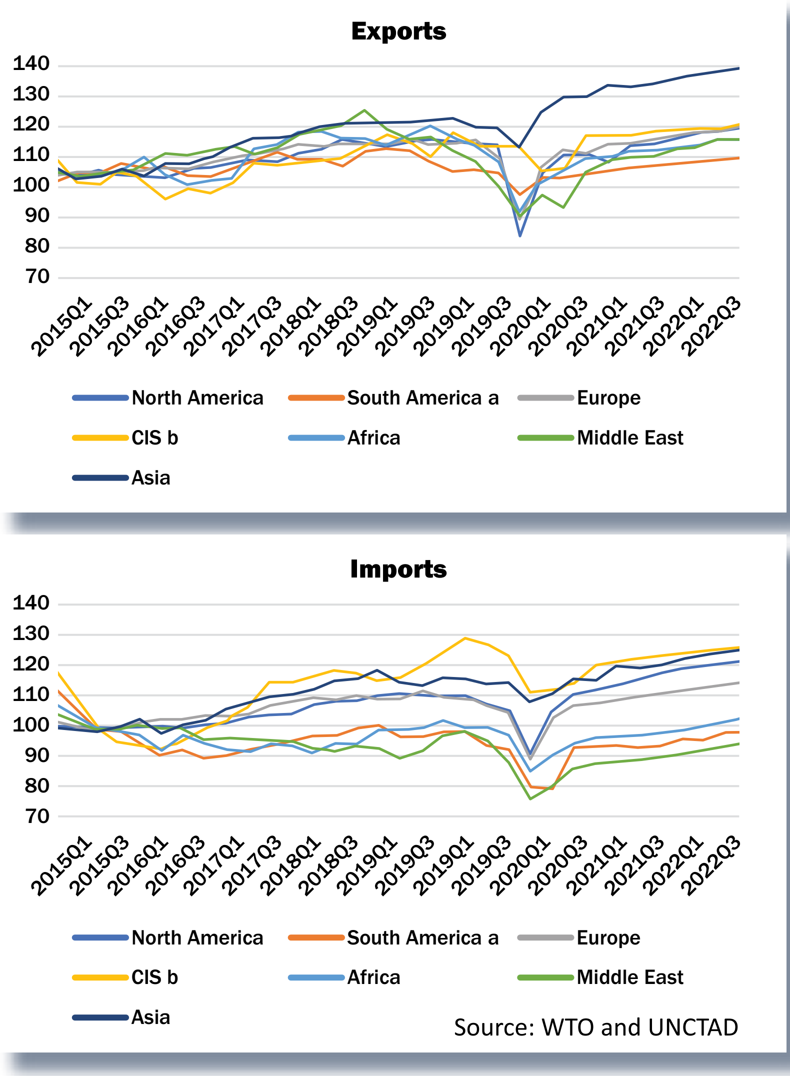
A disjointed trade flow was created from the surge in buying (demand), and an underprepared supply chain unable to meet such a volume of movement. Containers were limited and shipping lines began favouring active routes where demand was highest. At this time, the scramble for PPE and medical equipment was at its peak, with shipping lines focused on the Asia-Pacific regions (**Figure 2**) where demand was highest. Amidst the global panic, China managed to recover quickly after being the first impacted by Covid when the outbreak began in Wuhan. As such, they were the quickest to kick-start their trade flows when the catastrophe was unfolding in the rest of the world. Asian exports bounced back (see chart) and were actually up 7.7% in the second quarter of 2020, driven in part by the supply of consumer goods and medical supplies during the pandemic.

The strong export performance of China in particular has continued, with a surge in cargo handling during the first half of this year. China's major port flow was 13.2% higher than the same period in 2020 (Source: *South China Morning Post*). Exports rose by 38.6% to a value of $1.5 trillion, and the container flow equated to 138 million twenty-foot equivalent units (TEU) in the six-month period, according to China Macro Economy. Innovation, stepping up efficiency and ramping up production has been key to this growth. Demand for "work from home" equipment and medical supplies persists as exports surged 7.2% in August alone.

The caveat to this is the freight rates that continue to climb higher and higher, reflected in the Baltic Dry Index (**Figure 3**). This Index, created by the London Baltic Exchange, is an average of prices paid for the transport of dry bulk materials across more than 20 routes. The Index itself can be seen as a barometer for economic activity due to its reflection of supply and demand of raw materials within the manufacturing sector. You can see the sharp increase in this Index since the beginning of the year.

Another key indicator for tracking rates is the Container Line Index which shows the spot rates for 40ft containers edging higher in July. World Container Index data show a new record, marking a 14th weekly

Figure 2. Merchandise Exports and imports by Region.



increase at the time of writing (Source: Bloomberg Intelligence). "The Index moved to $9,421.48 per 40ft container, 358% higher than the same week in 2020" (Drewry). Focusing on cotton we can look at specific routes, which include Brazil to Bangladesh and MFEP (Main Far East Ports). The cost of a standard 40ft container on the Index from Santos to Chattogram has risen more than 500%. Shippers are often unwilling to offer to certain destinations.

The question then becomes, how long will this last? The majority of bottlenecks are demand driven. As countries recover and roll out vaccination programmes, demand for goods is likely to shift back to the travel, hospitality and leisure sectors, which have been significantly reduced since the pandemic began. That being said, demand for cotton remains rife and may stay strong as hotels open their doors and fashion sales continue to rise.

In the short term, the logistical problems look set to intensify as we go through Q3. August – October shipments are set to be enormous in volume. West African ports have been heavily impacted, none more so than Abidjan, Ivory Coast, which was struck with flash flooding, resulting in a destruction of infrastructure and access to ports. Shipments from Abidjan are experiencing 2-3 month delays with expected departure dates to be taken with a pinch of salt.

One study has shown the US has sold over 1.7 million bales that have yet to ship due to lack of containers. Merchants will be working 6-day weeks to try and clear the backlog, which includes mountains of documentation. This workload is intensified in certain areas such as Vietnam, where certain provinces have gone back into strict lockdowns or have had work from home measures implemented. Banks are operating with "skeleton staff" and shipping line offices are closed. All of which provides little relief to the backlog and congestion at ports globally.

A domino effect occurs when delays in shipments, documentation issuance, banking inefficiencies and a disruption to courier services all serve to exacerbate disruption and create additional stress to back office teams. Shipping lines are reducing free time, with no exceptions for extensions due to the current

Figure 3. Baltic Dry Index August 2020 – July 2021. Source: Bloomberg Terminal

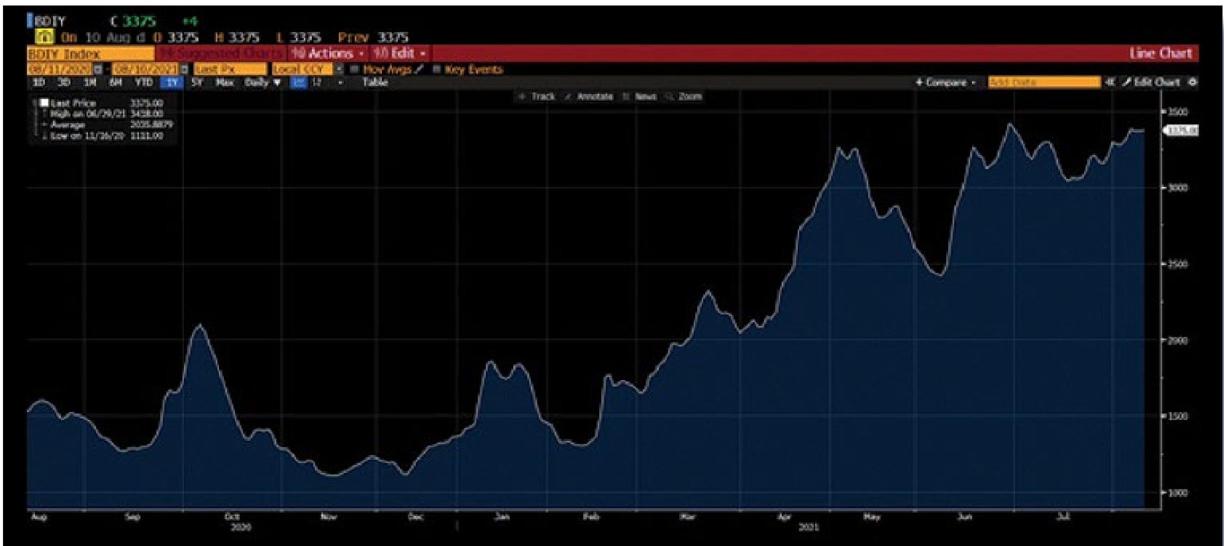
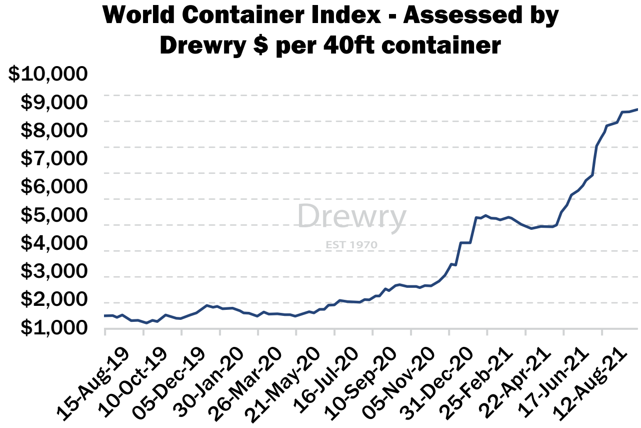


Figure 4. World Container Index



Source: Drewry

shortage of containers in Asia, Brazil and the rest of the world. Charges for demurrage can be eye watering. US maritime regulators are now calling for shipping lines in the US to open their books on storage and charges as unreasonable charges mount. This won't happen overnight and in the short term buyers and shippers can expect large bills for subsequent delays.

The market and its participants continue to persevere with this resilience evidenced on the US cotton futures market. This traditional sector shows its principles are courteous, relationship-driven and based on solid principles. A mutual understanding that the battle is far from over, with West African and US pressure still mounting and a South American harvest right around the corner. There is no doubt that further obstacles are coming. My personal view is that those within the cotton sector are united to support one another and strive towards the same goal of overcoming this difficult period. Backlog and congestion will filter through as congestion starts to ease and we may see a return to "normal" towards the end of Q2 next year.

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The outlook for Chinese imports

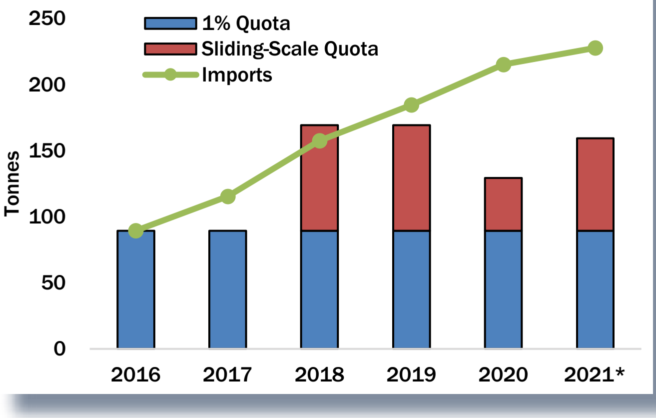
Zheng Shengwei,
Manager, Zhejiang Huarui

I. China has allocated 1.594 million tonnes of cotton quota in 2021

On September 17, 2020, the National Development and Reform Commission (NDRC) announced that 894,000 tonnes of WTO tariff (one percent duty) quota would be allocated for cotton in the following year, about 33 percent of which would be given to state-owned enterprises. In late April 2021, NDRC also announced an additional 700,000 tonnes of Sliding-Scale quota for 2021. The Sliding-Scale quota was all for non-state owned enterprises: of the total, 400,000 tonnes were under 'processing trade' terms, meaning that the finished products must be exported, while the remaining 300,000 tonnes were not attached to any defined terms.

When viewing the relationship between cotton quotas and raw cotton imports in recent years, it should be noted that China has released additional Sliding-Scale quota each year since 2018. In 2020, the volume of quota issued was reduced to 400,000 tonnes (down from 800,000 in 2019), and international trade flows were affected by the Covid-19 pandemic. In 2021, with the recovery of consumption, the quota allocated has risen to 700,000 tonnes. China's cotton imports, meanwhile, have grown steadily since 2016, but the volume of quota allocated each year has not been sufficient to meet the full scale of demand.

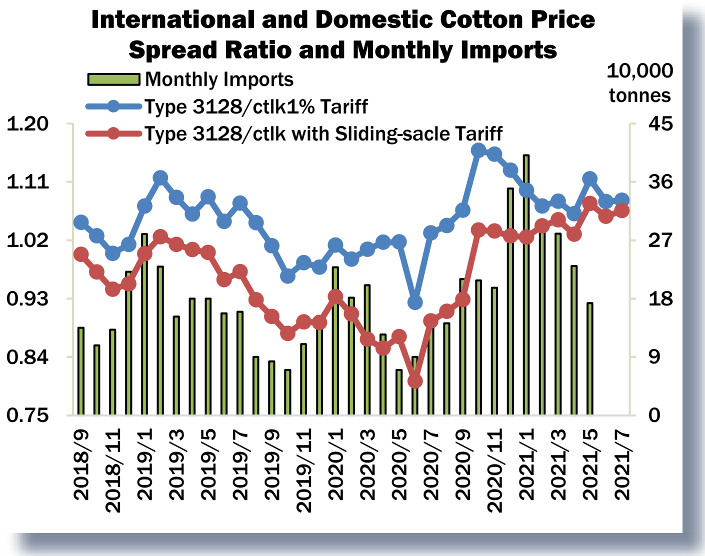
China's Cotton Import Quotas and Imports



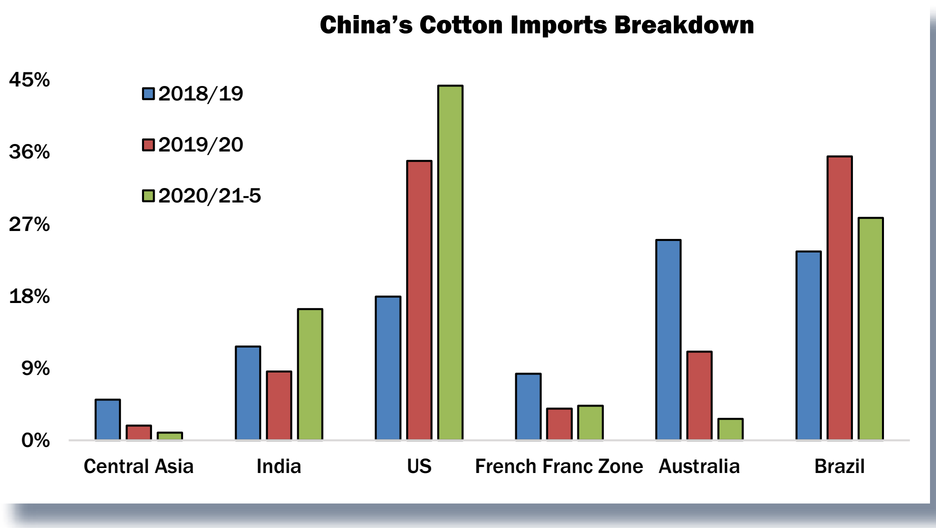
In October, 2020, domestic consumption started to recover, stimulated by robust orders for fabrics ahead of the "Double 11" retail sales event in November, the expectation of a cold winter and active replenishment from downstream mills and traders. The operating rates of domestic spinning mills climbed significantly and have remained high. Since the end of 2020, the profits of spinning mills have improved considerably and cotton yarn inventories have been kept low. Moreover, the operating rates of fabric mills have also been high compared with previous years (for specific data, please see the China Chemical Fiber Group website: https://www.ccfgroup.com/). Higher consumption in turn pushed up the demand for imported cotton. The price of cotton imported under the one percent WTO tariff climbed sharply after the National Day holiday (October 1-7, 2020) before retreating somewhat. Recently, the prices have stepped upward again, mainly due to very tight supply.

II. Cotton imports may be stable or lower in the second half of the year

Currently, the volume of imported cotton consigned at ports is estimated at a high level, of around 650,000 tonnes, partly due to heavy cotton imports in the 2020/21 season, and partly because of the delayed allocation of Sliding-Scale import quota this year, which caused disruption to the clearance of bonded cotton through customs. In late July, some enterprises in Shandong were in receipt of Sliding-Scale quota, while in other regions allocations were made successively. With the allocation of quota, the cotton in bonded areas has started to flow and the pressure of imported cotton at ports should begin to ease somewhat. Nevertheless, most enterprises state that the volume of quota is too limited overall to meet the import demand for the season.



For the outlook in the second half of the year, the price relationship between domestically produced



In addition, the number of ginning factories is thought to be set for an increase of nine percent year-on-year in the 2021/22 season. The proportion of ginning factories compared with seed cotton production in Xinjiang has hit a new high in recent years, and some further ginning mills that had not completed their construction earlier, owing to disruption caused by the pandemic, will enter the market this year.

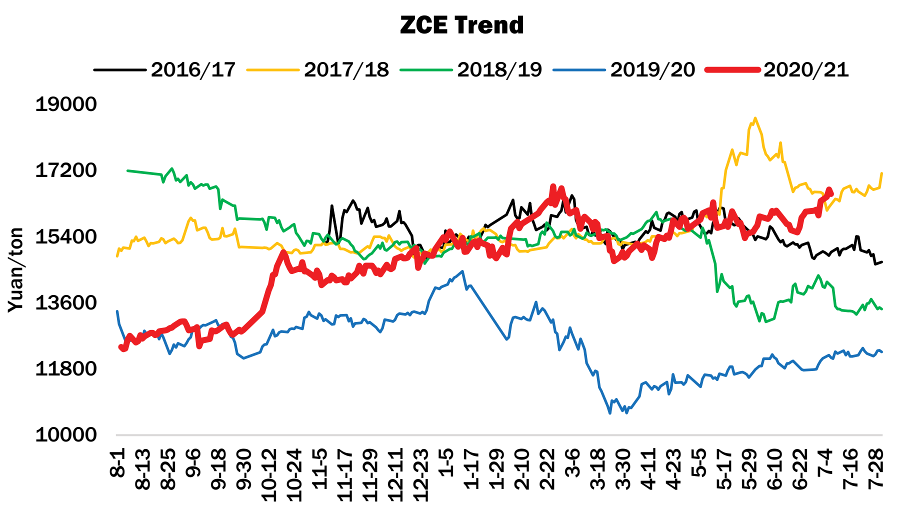
Type 3128 cotton and the Cotlook A Index has shown signs of narrowing, which is similar to the situation in the corresponding period of 2019. The reduction of profit margins on imported cottons or even the potential erosion of margins altogether may constrain cotton imports later in the season.

Meanwhile, domestic Indian cotton prices have hit new highs of late, and basis levels continue to go up. Brazilian cotton prices have also been very firm, influenced by lower production; US cotton output is expected to increase, but Vietnam, Pakistan and Turkey all compete fiercely for US cotton, so the origins available for import to China may be somewhat limited later in the year.

In general, imported cotton stocks at Chinese ports have stayed high with the later than usual allocation of Sliding-Scale quota. With the considerable differential between domestically produced Type 3128 cotton and the Cotlook A Index, as well as the limited availability of imported cotton, China's cotton imports may be stable or even decrease in the second half of 2021. In summary, there is an expectation of lower Chinese cotton production in the 2021/22 season, and a continued increase of ginning factories and spinning capacity. Therefore, the competition to procure seed cotton will be fiercer, pushing up Chinese cotton prices.

III. New seed cotton prices may stay high in 2021

The area planted to cotton in 'mainland' China is lower in 2021, with a fall of around 20 percent. For Xinjiang, the area has declined slightly, mainly due to government guidance that stipulates more fields should be repurposed for ecological and environmental conservation: farmland will be returned to forests and grassland, while some fields controlled by the Xinjiang Production and Construction Corps (XPCC) will be planted to other crops, such as wheat. In addition, unhelpful weather events including heavy rain, wind and hail were evident from late April to mid-May in some areas of Xinjiang, leading to poor conditions early in the growing period. It is expected that yield in Xinjiang during 2021/22 may be lower than in 2020/21, and cotton production may be reduced somewhat. The recent direction of prices on the Zhengzhou cotton futures market is indicative of expectations of lower output: observers anticipate that new crop seed cotton prices may be as high as the levels seen in the 2017/18 season, or even higher.



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Transform our thinking, change our world

Eimear McDonagh,
Director, Agri Direct Australia Pty

It is now two years since the Women in Cotton group appeared on the ICA stage in Liverpool and spoke with the audience on the status of women in the global cotton industry. We provided statistics from all major cotton associations around the world, displaying the glaring lack of women on boards, committees and in positions of leadership. There is plenty of room to improve.

We showed the results of many studies undertaken by the likes of McKinsey, the Boston Institute and the United Nations to evidence the benefits of focusing on diversity in the workplace and in particular of elevating women to decision making positions.

Cotton Associations	Seats	Women	%
ACSA (Australian Cotton Shippers Assoc.)	14	3	21%
ACSA (American Cotton Shippers Assoc.)	29	0	0%
ABRABA (Brazilian Cotton Growers' Assoc.)	8	0	0%
ANEA (Brazilian Exporters of Cotton Assoc.)	13	3	23%
AFCOT (French Cotton Assoc.)	14	1	7%
BCA (Bangladesh Cotton Assoc.)	15	1	7%
CCA (China Cotton Assoc.)	139	9	6%
CCI (Cotton Corporation of India)	22	0	0%
CICCA (Com Int'l Cooperation, between Cotton Assoc.)	3	0	0%
ICA	24	2	8%
	281	19	7%

Sadly, due to Covid, our calendar of presenting and networking at global events would not eventuate.

I recall the fevered discussions on what we could do 'in the interim', fully believing that perhaps three to six months of managing Covid-19 would see us back in the saddle and travelling, undeterred in our mission to improve diversity in the global cotton industry. How naïve we were.

After a lot of meetings, hard work and the support of the amazing communications team at the ICA, we settled on a six-weekly program of on-line "Chats for Change". We launched the first on-line session on May 28 last year: the title was "Where to from here?" – exploring the impact of Covid-19 at various stages of the supply chain and sharing the individual experiences of women in particular. We had representation from growers, merchants, controllers, spinners and retailers, with 36 people from 7 countries and a multitude of time zones joining the discussion.

The response was overwhelmingly positive, and we planned the subsequent 'Chats' with gusto.

In all, we hosted a further six 'Chats' in 2020. The topics were wide ranging and included "The Confidence Gap" – understanding if confidence or lack of it holds women back – "Women in Leadership"; "Gender Diversity in Leadership, if not now, when?"; and a topic that brought some great discussion, "Does what you wear really matter?".

In February this year, in an attempt to grow our network, we opted for Regional 'Chats' which meant dividing up the world into two time-zones and hosting two 'Chats' at more friendly hours. We have had very generous support from Gonzaga University in Spokane, Washington State, which hosted two sessions on "What does a good leader look like?", and The Centre for Creative Leadership based in Colorado which provided a very interesting presentation on "Allyship".

We had set a goal to have 100 members of our LinkedIn group by October 2020; we managed to achieve 240 members with 22% being men. Women need men to be our Champions for Change to support the initiative, and many have certainly stepped up.

Today we have 374 members of the LinkedIn group and 29% are men.

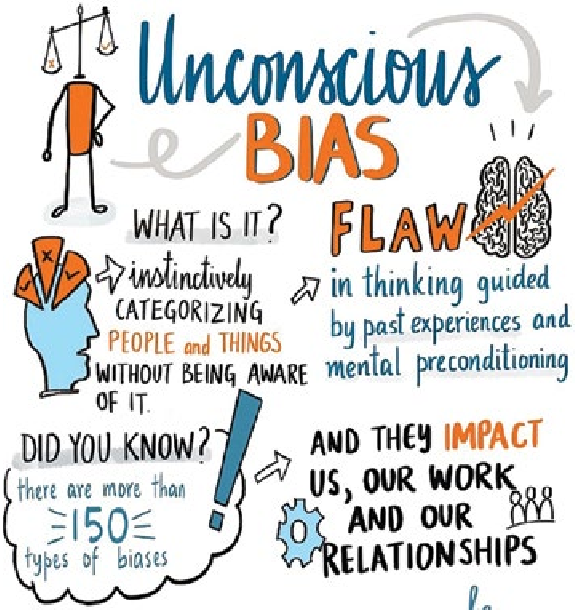
Through these challenging days of continuous pandemic exhaustion, we brace ourselves for what we will hear next when a news story begins with the words "scientific studies have shown". An incredible number of 'scientific studies' are being proffered daily by the media, but as evidenced through our Covid experiences, we are learning to understand and trust the science.

A plethora of other scientific studies conducted over decades have consistently shown that women exhibit most of the key traits of effective leaders: self-awareness, self-control, humility, emotional intelligence, sensitivity and empathy, to name but a few. Whereas men score higher in the more authoritarian personality traits.

As a group, we have discussed the role of women as political leaders and how they have managed the pandemic better than their male counterparts. They have placed the health of their populations ahead of the economic imperatives of government and industry. They acted more decisively and faster to protect people by implementing social distancing rules. They sought out advice from health experts and their style of communication was compassionate and transparent. They advocated the personal responsibility of individuals to care for the health and welfare of their neighbours and communities. Women tend to unite and motivate whereas most men have a 'command and control' leadership style.

A case in point, Jacinda Arden, the Prime Minister of New Zealand, has received a staggering 80% approval rating (a percentage usually reserved for dictatorships). Her style of communication was clear and concise whilst emotionally engaging; this has engendered a great deal of trust in her to lead the nation well.

Similarly, in business, leadership sets the tone for the culture of an organisation. Among the many benefits that improving diversity and elevating women to leadership can bring, are employee retention and satisfaction in the workplace. Study Finds (SF) published an article in March referencing a Onepoll survey conducted on behalf of Motivosity, on the relationship between workers and their managers in the US. It reported that 65% of participants said that



they would be more effective at work if they had a better boss, and a staggering 50% were planning to or actively seeking another job because of their boss. 53% said they wanted more feedback from their boss and that rated higher than extra compensation (48%). Many of those surveyed cited trust or lack of trust as a major factor, and 55% admitted to lying to their managers at least five times a week.

If women have the preferred leadership traits and make such good leaders, why are they not getting those jobs?

We explored the topic of bias and how it may be a roadblock to advancing women in the workplace. Bias is a biological trait that exists in all of us and can influence our thinking when it comes to judging people or situations. Bias comes up again and again in our discussions, and confronting your own bias is a very uncomfortable thing to do. Those who take the Harvard Business School test on bias are often shocked to find out that they may have an unconscious bias in race, religion, weight or even age. I know because I did it, and it felt so wrong compared to how I perceived myself in the world. As well-meaning and rational as we think we are, we all have bias and the great news is that by being aware of it and educating ourselves, we can retrain our thinking.

We explored ways in which organizations can train their staff and improve the outcomes around diversity in the workplace. Here are some of the things we can do to tackle our own bias:

- Recognise your biases, acknowledge that they exist
- Think critically
- Challenge your assumptions and traditional beliefs
- Practice empathy

One of the worrying realities to come out of Covid is the loss of women in the workplace. Fortune magazine reported recently that McKinsey and Oxford Economics estimate that employment for women may not recover to pre-pandemic levels until 2024—two full years after a recovery for men. Women take up more of the burden of unpaid work than men. It is estimated that women do on average twice the home care, childcare, supporting elderly parents and home schooling than men do. In September last year, as schools reopened in the US, 80% of the 1.1 million people who exited the workforce were women, and in December, women accounted for all net job losses.

Seeing more women in leadership positions will not be possible if we continue losing them from the workforce entirely.

The UN estimates that global GDP would rise by US$28 trillion if women played an identical role to men in labour markets.

Losing women from the workforce due to Covid is a problem that governments and businesses alike will have to tackle so we can have a stronger and more resilient society to protect against the effects of future shocks such as Covid.

The IMF identified that the combination of more women in the workforce and improving the wages of women is good for the economy and good for society in general. Productivity improves by virtue of the differences between men and women, and the complementary nature of those differences. Diversity in teams avoids groupthink or like-mindedness, enables a broader range of solutions, drives innovation and thus increases profitability.

We have a multicultural, global industry and so there is no 'one size fits all' solution. All of us are more complex than our gender, race or religion. But if we start with the premise that women's participation in the workplace and leadership positions is important for societal and economic development then we have to create the conditions to enable this to happen. We need to consider the systems that deny women a pathway to leadership, so we can make incremental changes to improve the future for all of us.

Recently, Kim Hanna (a fellow ICA Director and one of our working group members) and I were very fortunate to be invited to talk about gender diversity with the ICAspire group; this group was formed for younger, more recent entrants to the cotton industry. It was a very rewarding experience to listen to them and know that they understand the value of women and diversity in our industry. We discussed how diverse teams and leadership groups attract the best people and are proven to increase innovation which is critical to future proof the industry. I would suggest anyone more senior in age take the time to talk to the younger people in the industry; listen to what they see as the imperative to a strong future cotton industry. Their answers may be surprising.

There is no doubt that the work being done by the ICA around gender diversity at membership, board and committee level and through the initiatives such as Women in Cotton and ICAspire will create the infrastructure necessary for positive change to occur. We encourage members to talk about what we at the ICA can do to provide guidance to assist the transition to a more diverse, inclusive workplace, and a place where women in leadership are considered an asset.

As Women in Cotton, we will continue to host our 'Chats for Change' and offer open and educational discourse to all in our cotton community. We will continue to raise awareness of the roadblocks to women advancing to management roles and find ways to break down the bias that holds us all back. Please take the time to check your culture at work and ensure that you have the correct environment and policies that encourage women to advance to decision making positions; then seek out those women either within or from outside your business.

We know we have to change generations of biased thinking and cultural norms; we know it's not easy, but doing anything worthwhile never is.

The cotton market in a post-pandemic world

Bill Ballenden,
Dragontree Online Commodity Marketplace

Many people have been talking about the 'new normal' and 'post-pandemic' for some time now. The fact is that we are not yet in a post-pandemic world, as in many countries lockdowns are still continuing and vaccination rates are below 20%. As for the new normal, like everything else the pace of change is so fast that what was normal in the first half of 2021 will no longer be normal in the second half. And none of us knows how 2022 will look.

So in order not to trip myself over, I am going to take a look at some of the outcomes that might be possible in 2025. How might our cotton market, our working lives and our trading mentality look 3 – 4 years from now? Here are some predictions, to be taken in the spirit in which they are intended: one of fostering a healthy debate.

Travel budgets have peaked

Despite the lack of travel, cotton has been trading globally in an orderly fashion. Traditional buyers and sellers who have known each other for years, but have not met since travel restrictions came into force, have been able to maintain the trust that has built up over many years. What is perhaps more surprising is that customers have been able to meet, pitch and do business together, often for the first time, without ever leaving the comfort of their home office. Zoom and Teams, to name two online video apps which allow constant collaboration, have not only proliferated, but have become normal. The business I started a few years ago, *Dragontree*, has seen a continual flow of new users, who no longer question the introduction of a new business remotely, via screen sharing and virtual hand waving. We have seen tens of thousands of tonnes trade between counterparts who have never met in person but only virtually. I have also participated in grower presentations in Brazil, hosted by the Mato Grosso growers' association AMPA, where simultaneous translation via Zoom has worked extremely well. It is now absolutely normal to meet new clients via a series of video calls.

As a result, travel budgets have been slashed – and we all know what happens when budgets get cut. You just try to get the CFO to grow them again. Good luck!

But what are the real world implications of this? How will it affect the relationships that exist? By 2025, will we be back to the same travel schedules we had in 2019? I don't think so. Travel will still take place, as customers appreciate a visit. When I was young I always had to write thank you cards for gifts. A quick mumbled "thank you" was not enough; you had to show appreciation. Visiting a customer is the same. The effort it takes to go from the US to China, or Europe to Brazil, or Turkey to Asia, or Australia to Africa is a clear demonstration that you want to do business. We still retain the desire to look someone in the eye and get a 'gut feeling' for them. We want to see their office, taste their coffee and share a joke. However, risk is becoming increasingly professionalised. At *Dragontree* we run a business based on mutual partnerships, and increasingly that involves clear introductions, D&B reports and balance sheets. A gut feel is not enough. So I feel that travel will return, and while it will be wonderful to see each other (and get out of the office!), it will not have returned to 2019 levels by 2025. It will be replaced by a hybrid of remote meetings, essential travel and professionalised risk management.

The demise of the office is greatly exaggerated

So if we are travelling less, does this mean we are also going to be in the office less? I think so, but not to the extent seen today. Teams have learnt to work remotely, but there are two key factors which I think will mean we go back to spending more time in the office than at home. Firstly, teams are dynamic and need to get to know each other. They are not static and as new team members join and the dynamic changes, so the desire to get together increases. Welcoming a new team member remotely lacks warmth and can seem empty. The other factor is that being at home will start to get old quite quickly. It is great to have flexibility, especially in the school holidays if those with children both work, but we also spend weekends at home and some holidays at home. There is much talk about migrating to 3 days in the office and 2 at home, but I predict it will be 4 in the office and 1 at home by 2025. The one day will be flexible and floating. The other permanent change will be that when someone needs an extra day to work from home, they will get it. That was rarely the case in 2019.

Greater representation by women in our industry

In part because of the two foregoing predictions, but in part because the change is long overdue, the cotton business will become a more viable business for women to aspire to. Less travel, greater flexibility and a change in attitudes will, I hope, attract more female talent and this will snowball and become self-fulfilling. Cotton is a very conservative, traditional business but we are sometimes a hostage to groupthink and affirmation bias, and could do with a shakeup in this direction. I predict that by 2025 there will be more women in cotton than ever before. The Women in Cotton group at the ICA has been one of the most dynamic 'working groups' (often a misnomer in times gone by!) the ICA has ever seen. New ideas and different perspectives have helped those of us who are used to the traditional way of doing things to open our minds. It is very well documented, probably most notably by McKinsey, that a more diverse workforce results in a 'dividend' which is both tangible in terms of the bottom line, but also intangible in terms of ideas that are outside the box. One initiative that Women in Cotton inspired was the ICAspire series of webinars on Innovation and Leadership. I would never have believed 20 young execs would join online for eight webinars of 90 minutes each until I saw how well the "Chats for Change" worked online.

Global trade flows will eventually return to their previous order

2021 saw the perfect storm of an explosion of China to Europe/US trade flows and port congestion elsewhere leading to lower container capacity, resulting in freight rates and container availability that have made shipping a total nightmare. With freight rates per container regularly fluctuating between USD 10,000 and USD 20,000 from China to the US West Coast, getting a container to Australia, Brazil or Africa has been hard. Container freight rates are driven by

capacity and re-positioning, and as the former has been down while the latter has concentrated on China to US/Europe, anyone outside of these lanes has struggled to get containers or seen margins wiped out by doubling or tripling of freight rates. As inflation bites, consumers satisfy their immediate needs, capacity increases and congestion eases, the shipping storm will abate. When this will happen is hard to pinpoint, as shipping companies seems to be able to communicate with each other more openly around pricing than most industries, but by 2025 we should have a more liquid and orderly container shipping service to the cotton trading world.

Sustainability will be much better defined

During the last year nothing has been brought into sharper focus than the need to establish a well-balanced world where farming, processing, shipping and industry ensure that the planet we leave behind us is not worse than the one we inherited. The word sustainability has been overused as a description of practices that range from the very positive to the decidedly dubious. Organic – the benchmark of sustainable farming – has suffered scandals which brought into question the true supply of organic cotton. Meanwhile, a series of traceability solutions have come to market. Finally, the IPCC released its sixth report this year which confirmed that by 2040 Earth will warm by 1.5˚C above pre-industrial levels. I believe that it will not be enough to simply label cotton as ‘sustainable’ going forward. Carbon footprints will be measured, farming practices will be monitored and those farms that can prove a negative carbon footprint will be compensated, while increasing amounts of cotton will be traced if it can be or tested if it cannot be. This will result in a new world of premiums for cotton that are able to prove their carbon credentials.

So in conclusion, some changes are here to stay while others should revert to the norm. A possible revolution is coming in sustainability. Where technology can make life easier it will be embraced, although not at the pace it should be. However, as women become better represented and technology reduces the need to travel, our business will modernise bit by bit, and look a lot more ready for the future in 2025 than it did in 2020.


The Natural Choice
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