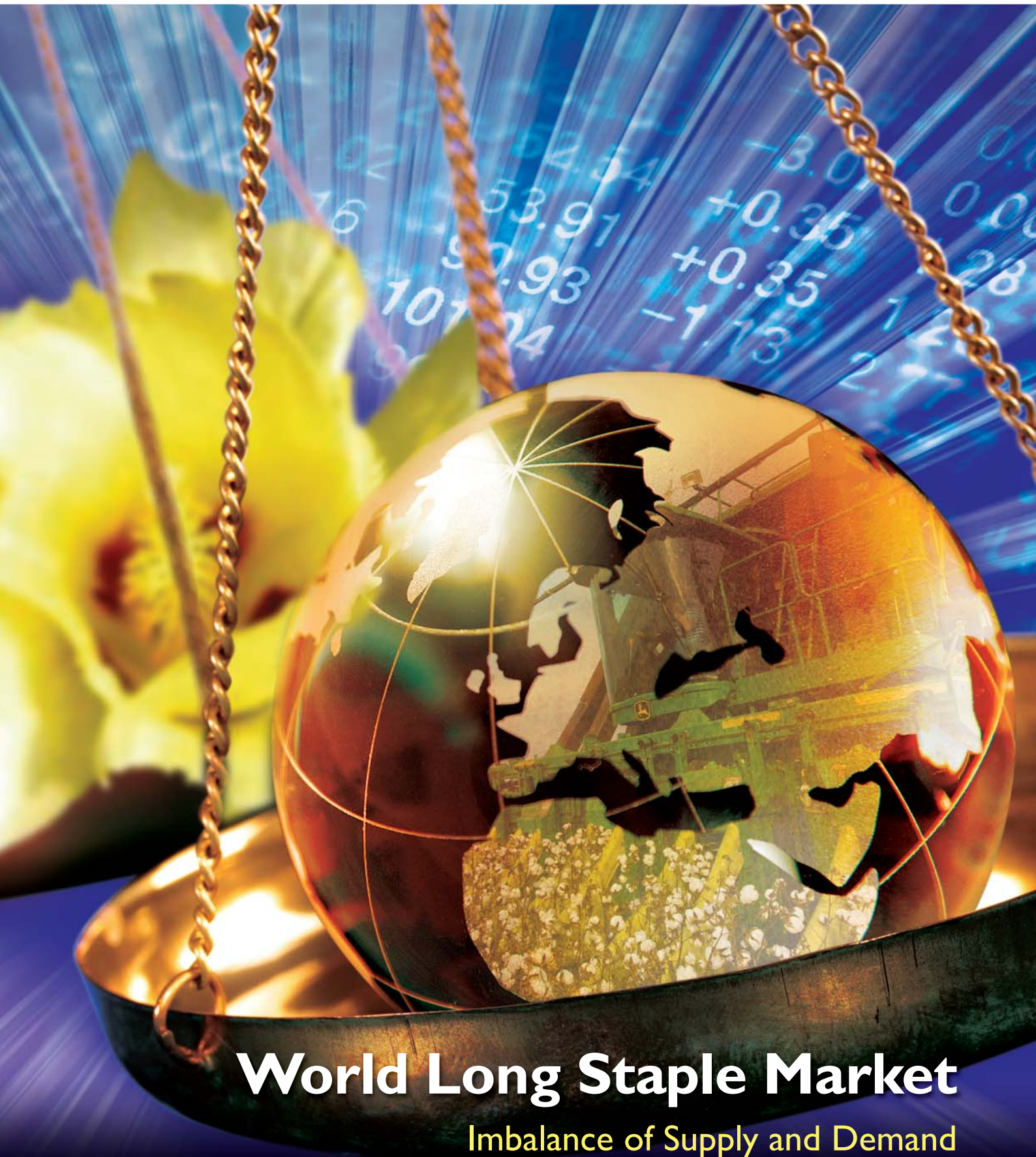


# Cotton Outlook

Special Feature

US\$25

July 2010



## World Long Staple Market

Imbalance of Supply and Demand

# We grow the finest, so you can create the best.

It's impossible to make premium products unless you begin with the highest quality raw materials. Simply put, J.G. Boswell Company grows the most consistent and most desired cotton in the world. That's because we utilize an innovative approach in everything we do from farming and processing all the way to packaging. With the utmost attention to detail, we constantly strive to exceed our expectations. If we can do that, then we know we can meet yours.



**J.G. BOSWELL**  
C O M P A N Y

101 West Walnut Street • Pasadena, California 91103  
Telephone: 626-583-3000 • [jgbmark@jgboswell.com](mailto:jgbmark@jgboswell.com)



# Message from the Editor

Cotlook started producing Special Features in the early nineties, since when they have increased in number (at least four per year) and have been circulated, free-of-charge, to our subscribers around the world. The Annual Long Staple Review was introduced in 1996, with the purpose of analyzing supply and demand prospects in this specialised sector of the market. In addition to our own analysis, we count on experienced professionals engaged in production, trade or consumption of cotton to write about specific topics of current interest, or about prospects in their own industries.

Like all our Special Features, the Annual Long Staple Review is also produced in a Chinese Mandarin

version, for circulation in the Chinese textile industry. In addition, we target specific fine count yarn spinners in the major markets. The publication therefore offers excellent advertising opportunities for reaching a specialized audience.

We also publish free quarterly updates (e-versions only) on the long staple sector in-between the Annual Reviews. To add your name to our distribution list, simply send a request to [subscriptions@cotlook.com](mailto:subscriptions@cotlook.com).

I cordially invite you to consider placing your company's advertisement in future Annual Reviews or in our quarterly updates, by contacting [advertising@cotlook.com](mailto:advertising@cotlook.com).

The turbulent market for both upland and long staple cottons during the past year has created substantial interest in what developments might now be expected. Some of our contributors in this issue dare to express their views on how the market might look and our own analysis points to the persistence of a very tight world supply position throughout the season ahead. Following developments as they unfold will, perhaps more than usual, be a prerequisite for all intending participants in the market.

If you have any queries about the contents of this publication, or wish to know more about Cotlook's services, please feel free to contact me at [editor@cotlook.com](mailto:editor@cotlook.com)

*Ray Butler*

## Contents

<b>Imbalance of Supply and Demand</b> By Matt Robinson, Director, Cotlook Limited	4
<b>The Outlook for the Fine Count Spinner in Face of a Tightening Market Supply</b> By Malvina Rydin, Otto Stadlander GMBH	8
<b>Marketing Prospects for US Pima</b> By Ernie Schroeder Jr, Jess Smith and Sons	12
<b>California Pima Cotton Picture</b> By Earl Williams, California Cotton Ginners and Growers Associations	16
<b>Cotton Sector Reform First Step on Path to Doubling Egyptian Textile Exports</b> By Mohamed Darwish, Cotlook's representative, Egypt and Arabic speaking countries	18
<b>Analytical Report on China's Long Staple Cotton Market</b> By Fu Changjian (General Manager) Deng Ang (Vice-General Manager), Chang Zhou World Cotton Co., Ltd.	22
<b>Outlook for China's Long Staple Market in 2010/11</b> By Liang Wenyong, Chairperson, Xinjiang Yinlong International Co. Ltd.	24
<b>The Outlook for Long &amp; Extra Long Staple Production and Consumption in India</b> By Vinay Kotak, Kotak & Co. Ltd.	26
<b>Long Staple Cotton Production in Central Asia – A Diminishing Trend</b> By Galina Fisher, CIS Editor; Director, Cotlook Limited	30
<b>ELS Cotton in Spain</b> By Mike Edwards, Director, Cotlook Limited	32

# Imbalance of Supply and Demand



By **Matt Robinson**, Director,  
Cotlook Limited

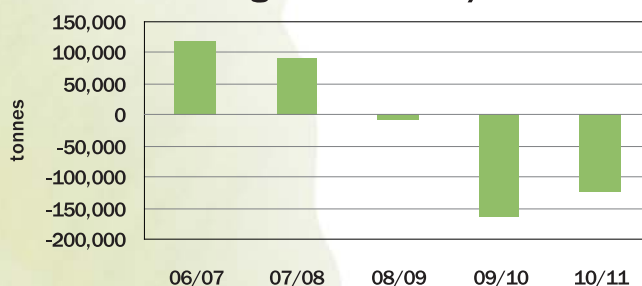
The rebound in demand witnessed in 2009/2010, associated with improving global economic conditions, quickly absorbed stocks that had accumulated during 2006/2007 and 2007/2008 and exposed the shortcomings in 2009/2010 supply (production last season was the smallest in modern times). Cotlook's estimates suggest the shortfall in production was in the order of 165,000 tonnes.

One of themes of our 2009 Long Staple Annual Review was the impact on consumer spending patterns of the global economic downturn, with shoppers turning away from luxury goods, to the detriment of demand for LS/ELS cottons. As consumer confidence has slowly returned during the intervening 12 months, the trend has been reversed, and manufacturers have struggled to respond quickly enough, with textile supply pipelines having been emptied.

In consequence, market fundamentals have dictated a sharp rise in prices, by roughly 44/45 percent in the case of US Pima and Giza 88, and by closer to 32 percent in the case of Giza 86 – it will be recalled that the large volume of Egyptian cotton carried over into 2009/2010 consisted mainly of that last-mentioned variety. Offering rates for US Pima by the time we withdrew our quotation on June 4 were the highest quoted since July 1996.

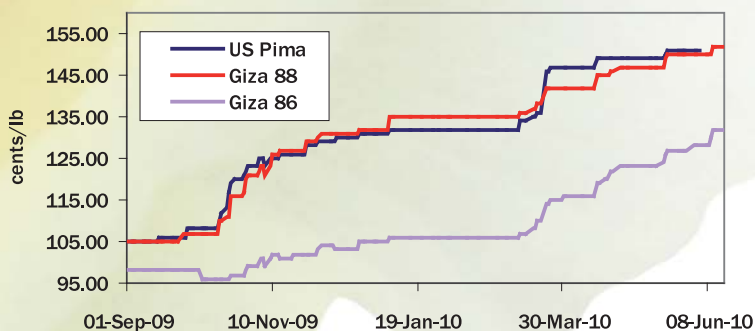
By the end of the 2009/2010 season, estimates supplied to Cotton Outlook would suggest that stocks held in the US, Egypt, India and China will total less than 50,000 tonnes, to which one might add

## Net Change in Global LS/ELS Stocks



several thousand tonnes in Central Asia (mostly Turkmenistan) and, in Pakistan, one of the largest import markets, perhaps 5,000/10,000 tonnes. The total stock figure will of course have shrunk further by the time the 2010/2011 crops start to move and, in Egypt and the US, virtually nothing is likely to be left unsold.

## Cotlook's LS/ELS Quotations



Early this year, prior to the main planting period in the Northern Hemisphere, a strong rebound in output was thought to be in prospect for 2010/2011, as farmers

<b>Carryover September 1, 2009</b>	<b>85,312</b>	
2009/10 Production	97,975	
Imports*	90,000	
<b>Total Supply</b>		<b>273,287</b>
Domestic Consumption	195,000	
Exports	75,000	
<b>Total Disappearance</b>		<b>270,000</b>
<b>Carryover September 1, 2010</b>	<b>3,287</b>	
2010/11 Production	140,060	
Imports*	140,000	
<b>Total Supply</b>		<b>283,347</b>
Domestic Consumption	200,000	
Exports	75,000	
<b>Total Disappearance</b>		<b>275,000</b>
<b>Carryover September 1, 2011</b>	<b>8,347</b>	

\*Upland cotton

responded to high prices by planting a much larger area to LS/ELS varieties. However, circumstances have conspired to undermine somewhat that early potential, as a number of our contributors explain later in the Special Feature. Weather has played a big part, with unfavourable spring conditions in both California and China necessitating large scale replanting and farmers turning to shorter-season, upland varieties. In Egypt, a delay in the distribution of planting seed meant that enthusiasm for cotton dwindled among growers.

## US Supply and Demand (tonnes)

### USDA estimates (June figures)

<b>Carryover August 1, 200</b>	<b>66,406</b>
2009/10 Production	87,090
Imports	435
<b>Total Supply</b>	<b>153,931</b>
Domestic Consumption	5,443
Exports	149,141
<b>Total Disappearance</b>	<b>154,584</b>
<b>Carryover August 1, 2010</b>	<b>2,613</b>
2010/11 Production	108,862
Imports	0
<b>Total Supply</b>	<b>111,475</b>
Domestic Consumption	5,443
Exports	97,976
<b>Total Disappearance</b>	<b>103,419</b>
<b>Carryover August 1, 2011</b>	<b>8,056</b>

Our global estimate still suggests that a recovery in production is foreseeable next season of 25 percent. However, this upturn is from a very low level and may be considered a disappointing response to prices which are the highest for many years. Output in the US and Egypt may prove to be the largest for a couple of seasons, but will still be well below the scale of production that was consistently achieved in the first half of the previous decade. Indian production was not cut to the same extent during the past couple of campaigns and a small increase in 2010/2011 should result in the largest crop in ten years. However, the composition of the crop is key, with the bulk of production comprising varieties that yield a staple length of only 32/33 mm. Indian spinners of counts above 60s may still have to rely heavily on imported varieties.

## World Extra-Long and Long Staple Output (tonnes)

	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	10/11 v '09/10
<b>United States</b>	84,717	152,943	147,683	94,122	162,335	137,275	167,000	185,458	93,839	<b>84,913</b>	<b>108,862</b>	<b>28%</b>
<b>Egypt</b>	210,050	316,600	289,750	200,300	295,150	204,300	214,733	226,450	118,700	<b>97,975</b>	<b>140,060</b>	<b>43%</b>
<b>of which:</b>												
<b>ELS</b>	30,973	51,262	65,812	58,386	77,555	42,881	52,906	40,740	23,339	<b>12,900</b>	<b>23,110</b>	<b>79%</b>
<b>LS</b>	176,751	261,909	220,535	138,562	212,557	155,930	157,865	181,349	94,573	<b>85,075</b>	<b>116,950</b>	<b>37%</b>
<b>Sudan</b>	21,000	30,000	54,000	48,000	50,000	44,000	21,400	15,000	8,969	<b>2,177</b>	<b>3,629</b>	<b>67%</b>
<b>Uzbekistan</b>	11,200	17,000	16,500	17,000	14,000	10,000	12,000	10,500	5,000	<b>2,200</b>	<b>4,000</b>	<b>82%</b>
<b>Tajikistan</b>	10,000	18,000	33,000	17,000	13,500	8,000	10,000	7,500	3,000	<b>2,000</b>	<b>1,000</b>	<b>-50%</b>
<b>Turkmenistan</b>	20,000	30,000	24,000	27,300	22,900	12,000	25,000	25,000	20,000	<b>20,000</b>	<b>15,000</b>	<b>-25%</b>
<b>India</b>	85,000	80,000	60,000	70,000	69,700	51,850	68,850	78,000	76,500	<b>77,000</b>	<b>82,000*</b>	<b>6%</b>
<b>Peru</b>	12,537	6,000	3,600	4,048	12,040	19,280	16,960	22,660	14,090	<b>6,200</b>	<b>5,000</b>	<b>-19%</b>
<b>China</b>	61,600	97,100	70,000	113,500	86,500	80,000	170,000	185,400	120,000	<b>90,000</b>	<b>120,000</b>	<b>33%</b>
<b>Israel</b>	8,000	19,000	16,500	7,300	14,000	11,500	18,500	19,000	9,000	<b>6,900</b>	<b>7,000**</b>	<b>1%</b>
<b>Spain</b>							450	1,350	1,800	<b>1,800</b>	<b>2,250</b>	<b>25%</b>
<b>Australia</b>	3,300	7,945	1,362	114	392	300	300	300	300	<b>300</b>	<b>300</b>	<b>Unch</b>
<b>Others</b>	4,000	3,000	4,000	4,000	4,000	3,000	3,000	3,000	3,000	<b>2,000</b>	<b>3,000</b>	<b>50%</b>
<b>TOTAL</b>	531,404	777,588	720,395	602,684	744,517	581,505	728,193	779,618	474,198	<b>393,465</b>	<b>492,101</b>	<b>25%</b>

\*includes cotton with staple of over 33mm

\*\*includes Pima and Acalpi

## World Long and Extra-Long Staple Consumption (tonnes)

	06/07	07/08	08/09	09/10	10/11	10/11 v 09/10
<b>Americas</b>						
United States	8,491	7,838	6,532	6,532	6,000	-8%
Mexico	435	500	300	300	300	Unch
Peru	10,000	13,000	9,000	9,000	10,000	11%
<b>Europe</b>						
Italy	10,000	4,000	2,500	2,000	1,000	Unch
Switzerland	8,000	7,000	3,000	2,000	1,000	-50%
Germany	5,000	4,500	3,000	2,500	2,500	Unch
Turkey	10,000	8,000	5,000	4,000	4,000	Unch
Portugal	4,000	6,000	4,000	800	800	Unch
<b>Asia</b>						
China	190,000	170,000	205,000	200,000	180,000	-10%
India	148,000	161,500	125,000	145,000	156,000	8%
Pakistan	55,000	85,000	30,000	45,000	55,000	22%
Indonesia	14,000	14,000	10,000	6,000	6,000	Unch
Japan	13,000	12,000	8,000	4,000	4,000	Unch
South Korea	11,000	11,900	4,980	1,500	1,500	Unch
Bangladesh	10,000	18,000	10,000	12,000	15,000	25%
Thailand	10,000	18,000	9,000	9,000	10,000	11%
Taiwan	7,000	7,000	2,500	2,177	5,443	150%
Turkmenistan	4,000	4,000	2,500	2,500	3,000	20%
<b>Africa</b>						
Egypt	79,572	126,758	37,895	100,000	60,000	-40%
Others	4,500	4,000	3,500	3,500	4,000	14%
<b>Total</b>	<b>608,448</b>	<b>687,996</b>	<b>482,957</b>	<b>557,809</b>	<b>525,543</b>	<b>-6%</b>

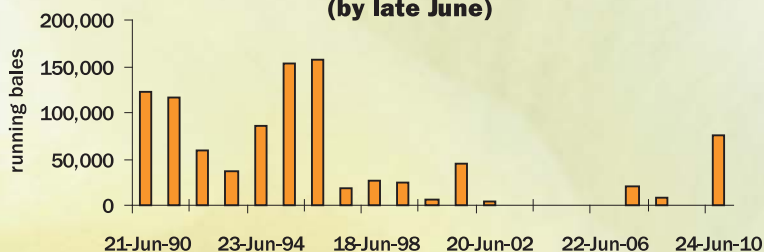
the euro could influence prices. However, demand for high-end goods may continue to grow in countries such as China and India, as consumers' spending power increases.

To some extent, available supply itself will limit offtake, but the overriding factor will of course be price – will downstream manufacturers and then consumers continue to absorb or tolerate a high cost for goods made from LS/ELS cottons, for which prices seem likely to remain very firm for the next few months at least? Cotlook's forward quotation for US Pima, based on current market evidence, is pitched at 155 cents per lb, even higher than the peak hit towards the end of 2009/2010. Consumption is expected to continue to grow, albeit modestly, in South Asia. Sources in China also anticipate a reduction – imports are in consequence expected to fall modestly, but the situation could change if the domestic crop falls short of current expectations.

When considering the impact of high prices, it is worth noting that the premium of the US Pima price over the Cotlook A Index (in other words upland cotton) has risen of late, but is still below the long-term average of close to 199 percent (see the accompanying chart). That relationship moving forward could also repay close scrutiny.

It is noteworthy that US Pima new crop commitments by early July were at their highest since 1996 at 76,000 running bales. By the same time last year, only a few thousand bales had been committed. To what extent the trend is attributable to nervousness over supply and to what extent it reflects confidence over business prospects remains to be seen. However, what might be said with a degree of confidence is that without a buffer of sufficient world stocks, any setback to crops in the months ahead would be critical. The resultant impact on prices would surely test the elasticity of demand to the full. A balance between supply and demand in the LS/ELS sector in the season ahead would not seem to be in prospect.

### Forward Pima Commitments (by late June)

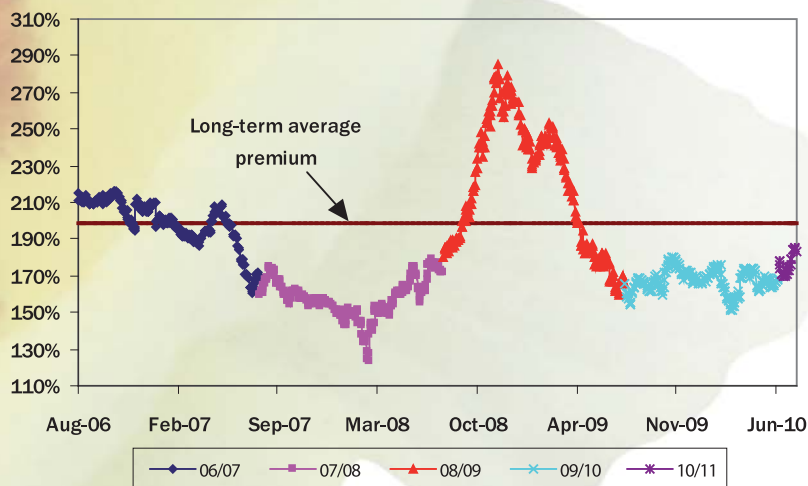


As always, the situation in China will be of particular interest. Our current estimate, based on indications from our contributors from that country, suggests production will not increase to anywhere near the crops grown prior to 2008/2009. Moreover, doubts continue to be expressed over yield potential in Xinjiang, as unfavourable growing conditions persist.

Our current world projection suggests that production may once again fall short of demand, by just over 30,000 tonnes.

Prospective levels of mill offtake are of course especially difficult to predict and will, as always, be influenced by the health of the global economy and trends in retail spending. In this regard, a sense of mounting unease is perceptible in certain parts of the world about the outlook for the second half of the year. Certainly, in traditional Western Hemisphere markets, one might anticipate some attrition, especially in Europe, where the weakness of

### Long Staple Premium US Pima as a percentage of A Index



# World's Finest Cottons

Supima®  
WORLD'S FINEST COTTONS

*Embrace luxury and treasure comfort*

[www.supima.com](http://www.supima.com)



# The Outlook for the Fine Count Spinner in Face of a Tightening Market Supply



By **Malvina Rydin**,  
Otto Stadlander GMBH

Taking a look at the titles of the last two issues of the Cotton Outlook's Special Features on the World Long Staple Market (2008 – Uncertain Times and 2009 – Is there Light at the End of the Tunnel), it becomes more than obvious that we have lived through some very turbulent times in this special segment of the cotton market.

The past two years have been overshadowed by the disturbances in the world cotton market and the global financial and economic crisis, which have had enormous effects throughout the whole industry. The major reductions witnessed in ELS cotton production during the seasons of 2007/2008 and 2008/2009 had only a limited impact. Although output fell by about 40 percent, lack of demand was the crucial factor, and the high asking prices from origins exacerbated the lack of buying interest from mills.

In face of the financial crisis, consumers turned cautious and, with little faith in the situation improving in the near future, spinners more or less voluntarily opted to reduce production, to postpone any new cotton purchases until "better days" and, consequently, reduce their stocks of cotton and yarns.

However, from September to October 2009 onwards, we have seen a significant change in this situation.

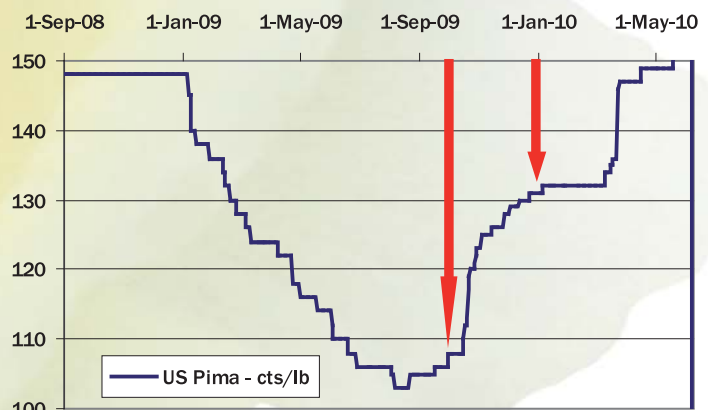
Demand – though very difficult to determine - has found its upswing during this period. It became obvious that the worldwide economic outlook was not as pessimistic as was earlier thought and that retail sales did not suffer to the projected extent. Slowly, a new economic stability was found and spinners' confidence started to recover.

While it might have been the right reaction to reduce stocks under the prevailing pessimistic scenario, it proved to be the wrong strategy for the long term. The industry was astonished that "better days" came earlier than expected.

With empty supply pipelines in cotton, as well as in yarns, the still very cautious mills started to purchase the required quantities, but never more than they actually needed at that time in order to fulfil incoming orders. The faith in the economic recovery was not yet fully restored.

The first positive effects were rapidly seen in the improvement of prices. From October 1st, 2009, to December 31st, 2009, prices for US Pima 2-2-46 increased from 106.00 US cents/lb, to 131.00 cents, or 24 percent in a period of only three months.

**US Pima Cotton 2-2-46  
Price-evolution since 1.09.08**



(Cotton Outlook quotes CFR Far East)



# otto stadtlander

gmbh



**cotton trading worldwide  
since 1919**

marcusallee 3 · p.o. box 10 13 07 · d-28013 bremen  
telephone (04 21) 20 42-0 · telefax (04 21) 20 42-200  
[www.osta-bremen.de](http://www.osta-bremen.de) · e-mail: [info@osta-bremen.de](mailto:info@osta-bremen.de)



## ALDCROFT COTTON LTD.



**FOR PERSONAL ATTENTION TO YOUR  
REQUIREMENTS FOR BOTH QUALITY AND  
TECHNICAL ARBITRATION MATTERS**

*Please contact:*

### **Arthur Aldcroft**

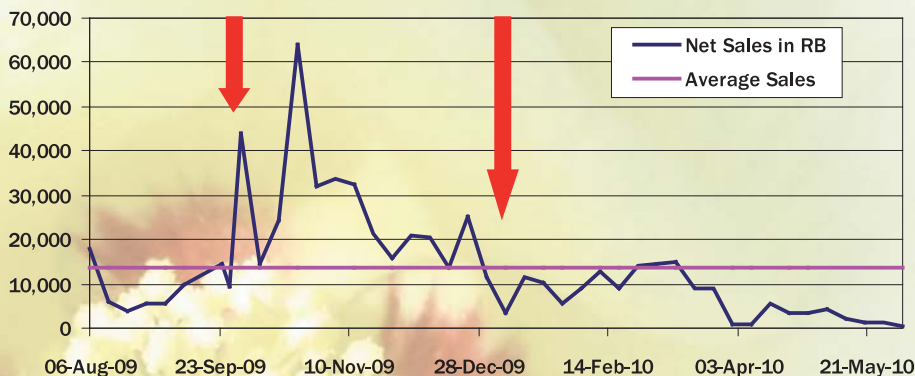
283 Ditchfield Road,  
Widnes,  
Cheshire WA8 8JE  
United Kingdom

Phone: +44 151 424 9223  
Mobile: +44 7768 958009  
Fax: +44 151 424 9794  
E-mail: arthur@aldcroftcotton.com

It is worth taking a look at sales of US Pima during the same period. During the last week in September, about 44,000 bales of US Pima cotton were registered for sale (source: USDA FAS). From October 1st, 2009, to December 31st, 2009, a cumulative total of about 374,000 running bales were sold, which equates to about 81,000 tonnes. This is 60 percent more than was sold throughout the whole 2008/2009 season (August/July).

The extensive rise in prices and sales was not only in US Pima; various other ELS growths showed similar developments. For example, prices for Egyptian Giza 88 increased from 107.00 cents/lb, to 132.00 cents/lb during the fourth quarter last year. Israeli Pima values increased by 18 cents/lb and Sudan Barakat XG3B prices by 15 cents.

### **US Pima Sales since 6.08.09 (USDA/FAS Export Sales Reporting)**



Despite these obvious developments, mills were still unwilling to build stocks and secure the quantities they required for the near future! Eventually, we arrived at a situation where mills' warehouses were empty of yarn and cotton, and almost every significant long staple crop was virtually sold out, months before any new crop might be available.

The relevant question is: "Have recent developments had any influence on mills' plans to cover their positions for the coming season?"

We have had many discussions throughout the industry during the last few months and have heard many diverse and sometimes contradictory opinions.

Various mills have commented that their future decision making will not be influenced in any way by recent developments. They intend to continue their hand-to-mouth purchases in accordance with incoming orders. In this context, they mentioned that they will increasingly rely upon their suppliers (direct sellers at origin, but mainly cotton merchants) to provide the needed quantities on the required terms.

Others have indicated that, despite the scarcity of supply, they feel that the prevailing high prices cannot be sustained, or at least demand for yarn and ready-made products will suffer, and they therefore have decided not to commit to forward raw cotton contracts, except at big discounts.

Nonetheless, there are also mills that have drawn conclusions from recent history and started to cover ahead more than the usual one to two months. They consider a regular minimum stock as a necessity in these tumultuous times, in order to ensure a quick reaction to their clients' needs.

After reviewing the evolution of demand during the past season and the current sentiment of spinners, we now turn our attention to the supply side of the equation.

We expect a slightly higher crop during 2010/2011 than what we had during the last two seasons. The ICAC projects global production number will reach about 500,000 tonnes (based ICAC data) next season and foresees a record low carryover of only 169,000 tonnes worldwide, which still seems too high considering the news from various origins. The foregoing suggests there will be only 669,000 tons on hand next season. This is the tightest overall availability of ELS cotton for at least 6 years.

Some of the main exported ELS growths are worth reviewing separately:

### **US Pima**

Ending stocks for 2010/2011 are calculated between 3,000 and 1,000 tonnes (depends on the source) and production is projected to be 100,000 to 109,000 tonnes, suggesting a total supply of 101,000 to 112,000 tonnes. The average weekly sales volume this season was 3,000 tonnes, which would suggest that Pima could sell out next season by the end of March or mid April 2011.

### **Egyptian**

Ending stocks of Egyptian Giza 88 are currently estimated at about 950 tonnes and those of Giza 86 at 8,400 tonnes. However, we still have some weeks to go until the end of the marketing year and the number will definitely decrease by August 1st. Production for next season is estimated at 25,000 tonnes for Giza 88 and 97,000 for Giza 86, slightly above the initially targeted output.

## Central Asian ELS

Ending stocks of Tajikistan, Turkmenistan and Uzbekistan add up to about 1,000, 20,000 and 6,000 tonnes, respectively. Production in Uzbekistan and Tajikistan is projected next season to total 4,000 and 1,000 tonnes. Turkmenistan is expected to reduce its crop by 33 percent to around 14,000 tonnes. Availability of CIS ELS for the coming season would therefore seem likely to be in the region of 46,000 tonnes overall.

## Sudan Barakat

When we speak of new crop Sudan Barakat we are still speaking of the 2009/2010 crop. Estimates are being revised downward on a regular basis and currently stand at 2,000 tonnes only! Projections for the 2010/2011 crop are around 18,000 tonnes (based on the Sudan Cotton Company Limited's planting targets) at the moment [editor's note: some private estimates suggest a much lower output is in prospect].

## Israel

The latest crop estimate for the 2010/11 season is about 7,000 tonnes, comprising 5,300 tonnes of Pima and

1,700 tonnes of Acalpi. Absolutely no carryover from the 2009/2010 crop is expected.

It is still very early to predict what exactly the outcome of the new crop will be. Considering negative weather forecasts in the US and China, production might turn out even lower than currently expected. The new crop may well be too small to meet estimated global demand, if the latter stays at the expected level.

Eventually, every mill has to choose its own strategy when it comes to covering its needs for the next season. Will the firm trend be maintained? Yes! - taking into account the recovery of the worldwide economic situation and considering developments in emerging markets, such as China and India. Add in the sliding supply situation to the equation and the outlook for the fine count spinner is clearly bullish.

During the past two seasons, we have lived through some very turbulent times and considering projections for 2010/2011, there will be no changes for the future, as turbulent it will still be!

# BAJAJ STEEL INDUSTRIES LIMITED

Serving The Cotton Sector Since 1961  
Designed with the user in mind, Over 48 year of experience at hand!

Bajaj Steel - New Factory Photograph

## Pioneers in Cotton Ginning, Pressing Plants & Automation Machinery



Technical Collaboration with (CIRCOT)  
Central Institute for Research On Cotton Technology  
Mumbai, India, ICAR (Government of India)

### Double Roller Gin Stand with Auto feeder



- Higher Output
- Robust Body
- Simple Operations
- Lower Maintenance
- Interchangeability of Spares
- Less Power Consumption Per Unit.

### Fully Automatic Down Packing Baling Press



- High Capacity (30-35 Bales) Per Hr.
- Medium Capacity (15-18 & 20-22) Bales/Hr.
- Small Capacity 8 Bales/Hr.
- Fully Automatic Most Profitable
- High/ Universal Density Bales
- Lowest Cost Per Bale
- International Specifications
- Highest Work Safety
- Lowest Power Consumption Per Bale

### Fully Automatic Double Roller Cotton Ginning Plant



**Bajaj Ginning Equipments And Other Items**  
Auto Feeder, Pre-Cleaner, Cotton Opener & Cleaner, Pneumatic Conveying & Distribution System for Automatic Plants, Belt Conveyors, Cottonseed Conveyors & Elevators, Humidification System, Bale Wire Ties, Tractor Attachments, Industrial Building Sheds And Structures.

### Bajaj Consultancy Services

Modernisation of existing Gineries to produce contamination-free high quality cotton. Designing & supply of complete modern ginning plant as per requirements. Spare parts readily available.

## High Capacity Cotton Seed Delinting And Decorticating Machineries.

### Bajaj -CEC LE 176 DELINTER

#### Energy Saving Features

- Efficient Roll Box Design minimize drag for an easier flow of Mass.
- 176 Saw Blanks made of superior & special steel material.
- Lowest Energy - to capacity ratio in the Industry.

#### Mechanical Advantages

- Saw Mandrel made of mechanical tubing provides smooth operation.
- Electric motos are conveniently located for ventilation & easy maintenance.
- Positive tooth belt drives eliminate slippage & provides efficient power transmission.

In collaboration with:  
CONTINENTAL  
EAGLE  
CORPORATION



Bajaj -CEC LE 176 DELINTER



Bajaj-CEC Decorticator / Separator

### A Proven Winner Since 1962

- CEC was the first to envision and implement the modern twin-roll hulling design since 1962.
- First to incorporate a decorticator with a basket beater and high speed separation.



Bajaj -CEC Hull Beater - 4620

**UNPARALLELED Efficiency/Effectiveness/Quality**  
Unsurpassed in efficiency, the model 4620 Hull Beater is uniquely designed with a built in tailing beater eliminating the need for additional conveying systems.



**Bajaj -CEC Cotton Seed Cleaner**  
It is uniquely designed with two sieve-boats screen system maximizing the cleaning efficiency



**Bajaj -CEC Linter Cleaner - LC4100**  
The Highest Cleaning Capacity With Maximum Effectiveness



## BAJAJ STEEL INDUSTRIES LIMITED

Imamabada Road, NAGPUR. Pin: 440018 (MS) India

Tel. : +91-712 - 272 0071 - 80 (10 lines) Fax : +91-712 - 272 8050, 272 3068

e-mail : bsi@bajajngp.com Web : www.bajajngp.com



# Marketing Prospects for US Pima



By **Ernie Schroeder Jr.**,  
*Jess Smith and Sons*

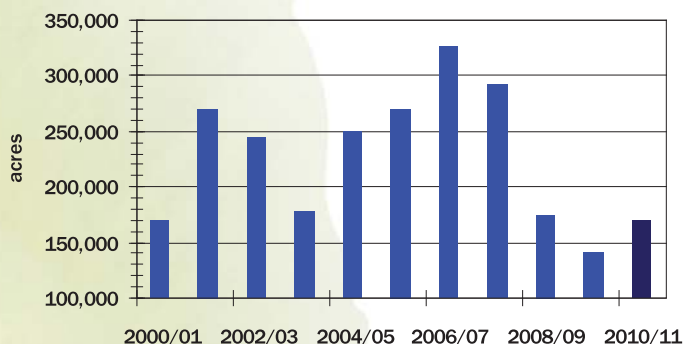
In the 2008/09 season, early projections were for a small US Pima crop and for large demand. Expectations were for Pima prices to work higher. However, the world financial crisis that accelerated in September of 2008 turned off the spigots of demand. Pima exports fell from 883,000 bales (480 lbs) the previous season, to just 232,000 bales during 2008/09.

As the 2009/10 season began, the focus was on very large beginning stocks, more than the previous season's total offtake. Most projections were for Pima prices to remain stable under the pressure of "burdensome" stocks. In the event, demand exceeded the total supply and Pima prices surged from the previous season's low. By the end of this season, stocks will have been totally depleted.

After two seasons where the final results were totally different from initial expectations, it would seem dangerous to make any plans based on the situation at the current time. However, prudence requires that we look at the factors we know at the current time to plan for the coming season, but retain the ability to react as the season develops.

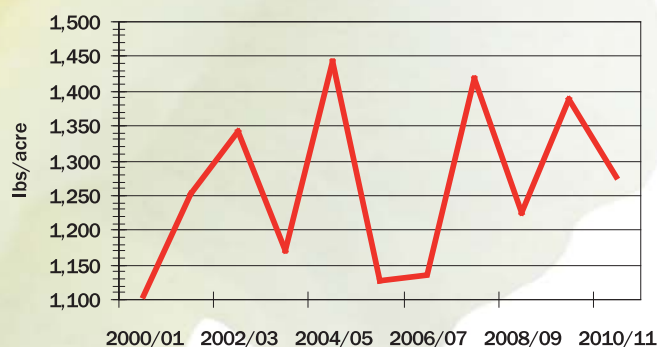
At the time of writing, 90 percent of the Pima crop has been planted in California. Growers have been dealing with limited supplies of water in recent seasons, as the government has placed the interests of protecting a small fish over those of farmers trying to survive, causing a "man-made" drought. Despite heavier rains this season, water remained a limiting factor as farmers made planting decisions. In an ironic situation, although there is not enough water for growing cotton, there was too much water (combined with cold temperatures) at planting time. Many growers that had intended to plant

**Pima - Planted Acres**



Pima were prevented from doing so. While Pima acreage has increased over the last two seasons, it is still well below the areas sown between 2004/05 and 2007/08.

**Pima - Yield/Acre**





**Alenberg Cotton Co.**  
Cordova, Tennessee  
United States  
T 1-901 383-5000  
F 1-901 383-5010

**Louis Dreyfus Commodities  
Suisse SA**  
Geneva, Switzerland  
T 41-22 799 27 00  
F 41-22 592 74 68

**Louis Dreyfus (Beijing)  
Trading Co., Ltd**  
Beijing, China  
T 86-10 5869 3666  
F 86-10 5869 3699

**Louis Dreyfus Commodities  
Brasil SA**  
São Paulo, Brasil  
T 55-11 3039 6700  
F 55-11 3814 3235

**Louis Dreyfus Commodities  
India**  
New Delhi, India  
T 91-11 4245 4545  
F 91-11 4245 4555

# In the Global Marketplace Since 1851

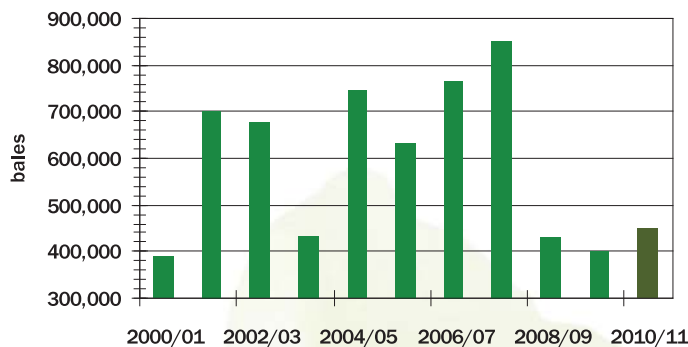
Louis Dreyfus Commodities is present in over 50 countries with major offices in Beijing, Buenos Aires, Delhi, Dubai, Geneva, Memphis, Moscow, Paris, Sao Paulo, Singapore and Wilton.

[www.LDCommodities.com](http://www.LDCommodities.com)

 **LouisDreyfus  
Commodities**

The start of this season has been one of the most challenging in recent history, and even average yields will require near perfect conditions. Historically, yields from Pima planted after early April are well below those from earlier-sown crops. Even Pima that was planted in a timely manner has since struggled with cool temperatures. Pima has almost been an alternate bearing crop since 2000/2001, with yields up one year and down the next.

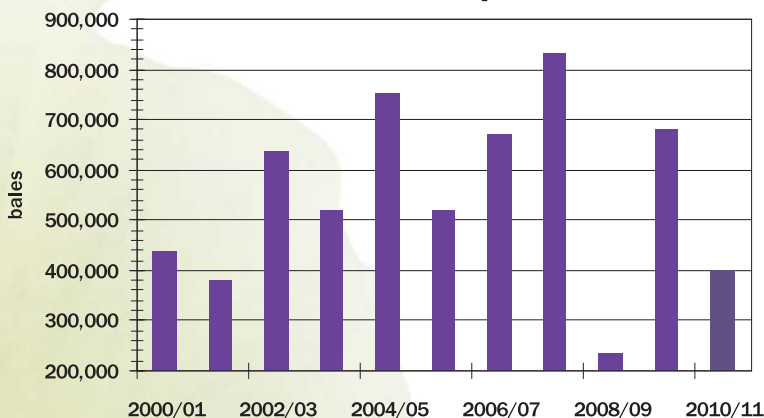
### Pima - Production



The average Pima yield may prove to be significantly below last season's almost 1,400 pounds per acre.

Total US Pima production will be fortunate to reach 450,000 bales, slightly higher than last season. This will be the 3rd consecutive Pima crop totalling under 500,000 bales. In order to restore production to the levels witnessed between 2004/05 and 2007/08, prices will need to compensate growers for their increased costs. Since carryover at the end of the 2009/10 season will be practically non-existent, the total supply of Pima for 2010/11 will only be about 450,000 bales, compared to 700,000 last season. Many consumers may find it difficult to

### Pima - Exports



certificate is only determined once the cotton is loaded on a vessel for export. This made many sellers reluctant to commit for deferred shipment as they were risking the value of the certificate. Without a certificate, sellers are more likely to contract for shipments other than prompt.

While the current outlook strongly suggests an upward bias, we have seen that the ELS market often does not follow the path that initially seems likely. Mills and growers are reminded to keep a vigilant eye on Pima prospects for signs that might change current prospects.

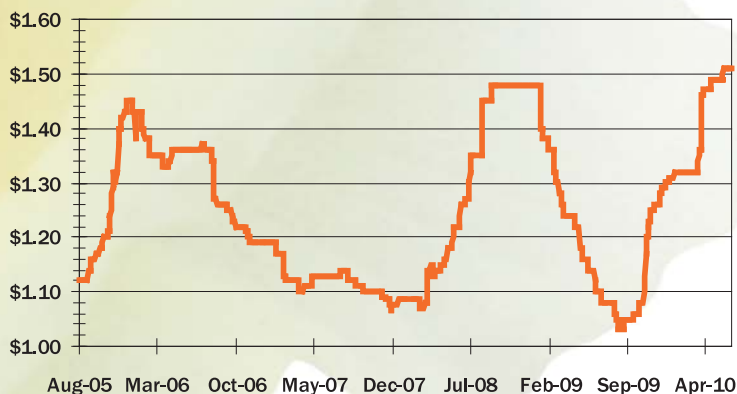
U.S. Pima Supply and Demand					
'000's Bales	2006/07	2007/08	2008/09	2009/10	2010/11
Beginning Stocks	78	141	139	305	2
Production	765	852	431	400	450
Consumption	39	36	29	25	25
Exports	672	833	232	680	400
Ending Stocks	188	156	305	2	27

source Pima, as a consequence, with mills that bought last season having at least 200,000 fewer bales to choose from this season. Exports are projected to drop to 400,000 bales compared to 680,000 last year. Since 2002/03, only in 2008/09 were exports lower than this level.

At the end of the 2010/11 season, US Pima ending stocks are expected to remain very tight. Since Pima new crop does not become generally available until November, the limited stocks will need to bridge a gap of three months.

Pima prices rose throughout 2009/10 and will begin 2010/11 higher than in any season in history. Other ELS producers are expected to have limited gains in production in the coming

### US Pima Landed Mill Prices





**Sometimes it's not such a bad thing  
to be labelled**

Plexus Cotton Limited, Cotton Place, 2 Ivy Street, Birkenhead, Wirral CH41 5EF, UK

Telephone: +44 151 650 8888 · Fax: +44 151 650 8889

Email: [mail@plexus-cotton.com](mailto:mail@plexus-cotton.com) · Website: [www.plexus-cotton.com](http://www.plexus-cotton.com)

# California Pima Cotton Picture



By **Earl Williams**,  
*California Cotton Ginners and  
Growers Associations*

California planted its first commercial Pima cotton crop in 1989, some 18,000 acres under tightly controlled conditions. After two fairly successful years, Pima was finally approved for open, commercial planting by the state regulators. The rest is history. We grew from those few acres to a high in 2006 of 275,000 acres. However, it's been a fluctuating situation with growers going in and out of Pima plantings, sowing more or less, owing to many factors. Because Pima needs a little longer growing season, if Pima can't be planted because of weather by April 10th to 15th many growers turn back to upland. Pima prices also play a part in growers' planting decisions from year to year, and with no futures market to hedge, forward contracting becomes much more difficult, especially at borrowing time. Other factors, such as differences in yield (Pima versus upland), competing crop prices and geographic location within the San Joaquin Valley, also play a part. Typically, we see 10-15 percent lower yields from Pima and there are several areas in the San Joaquin Valley that have not done well with Pima production over the years and steer away from growing it. One of the drawbacks to growing Pima for some has been the fact that none of the seed varieties had important cost saving GM technology traits. For the first time in 2010 that has changed, with extensive sowings to a Round-Up Ready Flex Pima variety.

As for the infrastructure, as acreage expanded so did the construction of stand-alone roller gins and/or conversions of saw gins to either stand-alone roller, or combined saw and roller gins. At one time we had 25 roller gins in California and 7 of those were 'combo' gins.

At one time, cotton was California's number one crop in terms of planted acres. In 1979, we hit the all-time high

of 1.6 million acres. In 1963, California had 299 cotton gins. But things have changed dramatically over the years, and most rapidly in the last 10 to 12 years, for many reasons. We hit the lowest total cotton acreage since the 1920's last year, with 190,000 acres, and Pima was 62 percent, or 118,000 acres, of that. We operated 34 gins last year, of which 15 were roller. Of the 15 roller gins operating, 6 of those were 'combos', meaning that we only operated 28 actual plants.

Why the dramatic changes? California's diversity in agriculture has offered growers many choices and, as those choices broadened, cropping choices became more and more competitive. The economies of cotton worked well sometimes, sometimes they didn't. With the onset of more permanent plantings then a lot of cotton acres were taken out of cotton forever, or at least for a long time.

The encroachment of urban sprawl has pushed many dairies into the San Joaquin Valley, taking away thousands of acres of cotton land. In addition, a growing water crisis finally caught up with cotton over the past several years, particularly in areas where Pima was predominant.

So, we've seen the top and now we've hopefully seen the bottom - beginning this year, I sensed renewed enthusiasm for cotton. Our early projections had total cotton plantings estimated as high as 350,000 acres for 2010/11, with Pima contributing about 225,000 acres. Higher cotton prices, softening of other competing crop prices and the poor dairy economy helped drive folks back to thinking cotton again.

Unfortunately, much of this enthusiasm was somewhat dampened by one of the toughest planting seasons we've experienced in a long time and several old timers say



maybe the worst ever! We started with an early planting window, in mid to late March, but when April rolled around the weather alternated between cold and warm, wet and dry. For three weeks in April, the changes in weather were such that most folks ran to the sidelines with no opportunity to sow until very late April. Many hung in there with their original planting intentions, but many changed their minds, especially on Pima versus upland, because of the lateness.

Latest estimates today put California's total area for 2010/11 at about 303,000 acres. Of this total acreage, industry estimates are putting Pima area in the 170,000-acre range, including as much as 60 to 70 percent sown to the Round-Up Ready Flex variety. So, although we are pleased to see things moving back to the cotton side again, we are disappointed that it wasn't more, because the desire to plant cotton was certainly there.

Now the challenge becomes maximizing yields from a late-planted crop. Historically, whether Pima or upland, we sacrifice some yield with lateness of maturity. We'll do everything we can as an industry, through the Cooperative Extension Service, to help growers make the best management decisions possible. The big hope today is for a favorable growing season and good fall weather, especially for the Pima crop.

One of the real concerns the industry has had during this serious downturn in acreage has been maintaining the infrastructure to meet industry needs, if and when the turnaround came. Fortunately, cottonseed prices have followed other commodity prices up during the last several years and this has allowed most gins to survive very well, despite the seriously reduced volumes of bales. Record cottonseed prices have influenced record per bale returns at many gins, even with low throughputs. We have seen some gin closures and limited mergers but have maintained a good infrastructure to service the renewed excitement for California cotton. Roller gin throughput has also been enhanced over the past several years by the increasing popularity of roller-ginned upland styles which in certain years has reached as much as 40 to 50 percent of the total upland crop.

We recognized many years ago that California's cotton industry was being pushed to fewer acres, with more focus on specialty, or niche market cottons. Pima has certainly been a large part of that and we're proud of the fact that, for many years running now, California produces over 90 percent of US Pima production annually.

The Supima organization, which is the grower-owned and supported, non-profit, advertising and promotional arm of the American Pima cotton industry, has done a tremendous job in expanding the identity of American-grown Pima cotton, using the registered trademark, Supima. Today, over 300 companies around the world are licensed to use the Supima name in high-end yarn and textile products, from home to high fashion.

With current demand high and supplies virtually sold out, we are extremely optimistic about the future.

Finally, much has been said and published regarding the water crisis in California. We have had a good water year in terms of rain and snowpack, but we have a ways to go to solving our water problems. Unfortunately, most of the announced increases in water allotments came too late to influence cotton planting decisions, but I do anticipate that these better-than-anticipated supplies for the balance of this season, and improved carryover supplies to start next year, should bode well for cotton plantings for 2011/12. So, hopefully we've weathered the storms and it's time for cotton to figure more prominently again in California agriculture. The industry may be smaller, but better prepared and focused on specialized production and processing of high quality cottons. Pima cotton is, and will continue to be, a large part of the future for California's cotton industry.

A Tradition of  
**Trust & Quality**  
since 1943

**JSS**

Supima  
SVJ  
C/A

Texas  
Memphis  
Eastern

**Jess Smith & Sons Cotton**  
2905 F Street • P.O. Box 1178 Bakersfield, CA 93302  
**(661) 325-7231**  
cotton@jesssmith.com

# Cotton Sector Reform First Step on Path to Doubling Egyptian Textile Exports



By **Mohamed Darwish**,  
Cotlook's representative, Egypt and Arabic speaking countries

## 2010/2011 crop outlook

A total of 375,000 feddan (roughly equivalent to acres) had been sown to the 2010/2011 crop by June 10, about 30 percent more than by the same stage last year. Lint output is expected to reach 130,000 tonnes at best. Despite the potential increase in 2010/2011 plantings, the prospective area would represent the second lowest in modern times. It should be noted that some sources expect a larger increase in area - a figure of 420,000 feddan was reported in the latest Egyptian Cotton Gazette. Discrepancies in estimates may be attributable to procedures applied by some of the Ministry of Agriculture's branches, in the thirteen cotton cultivating governorates. A few branches delayed supplying seeds for sale to producers until late May, beyond the normal deadline for cultivation. No official explanation has been forthcoming for the delay.

Many producers were attracted to sowing cotton by the high prices available, and by concerns that the government would place restrictions on growing rice. However, the late supply of cotton seeds still pushed them to plant other crops. That being said, the area devoted to the Giza 88 variety is set to double, compared with last season, to 68,584 feddan, and Giza 86 area to increase by 60,000 feddan, to 270,224. Plantings to Giza 80 and 90 are forecast to fall by 10,000

feddan to 34,164. These figures are provided by the Cotton Arbitration and Testing General Organisation (CATGO).

## Local consumption

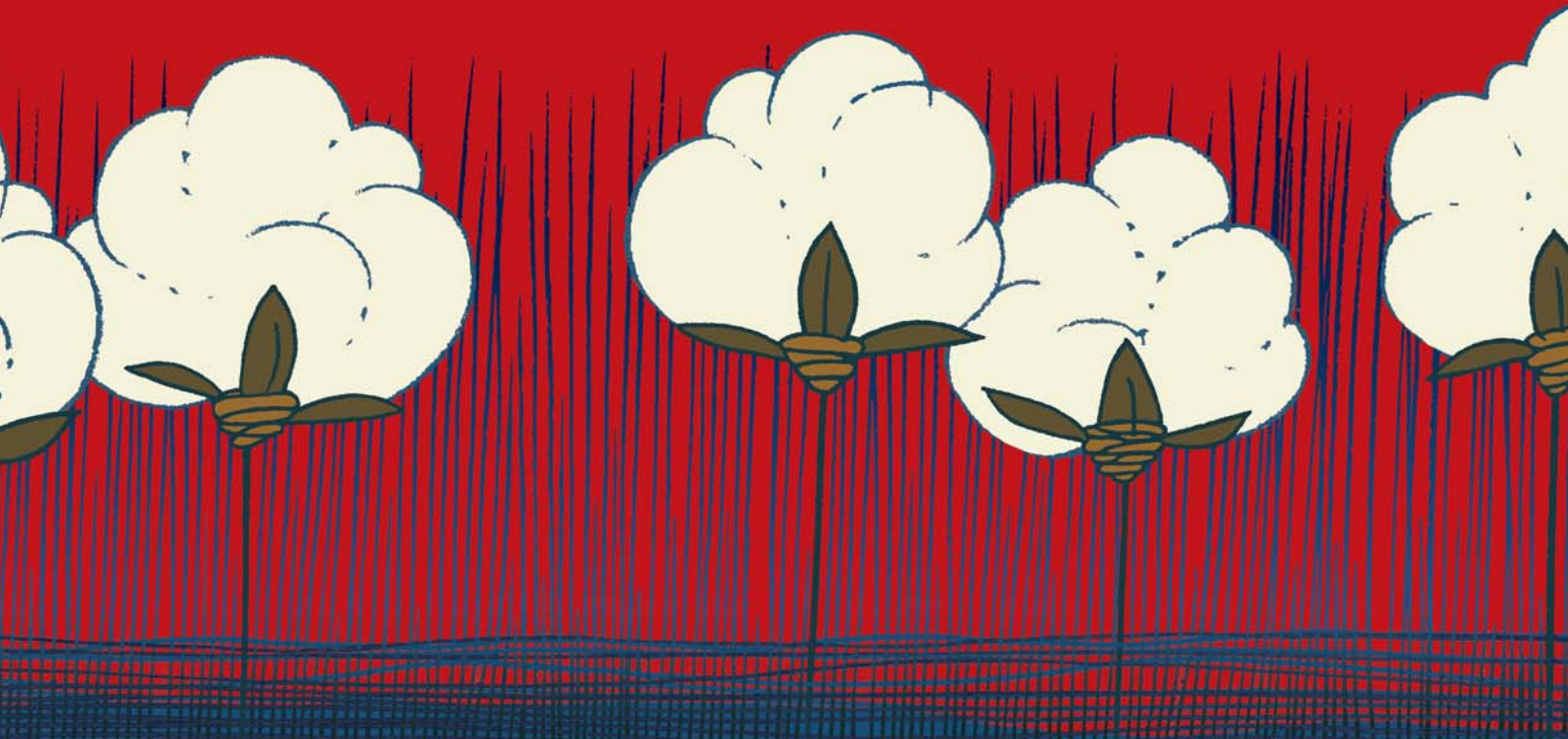
Government officials have indicated that financial support to encourage local mill consumption is no longer required. It will be recalled that, during 2008/2009, the Ministry of Finance provided mills with E£220/kantar of Giza 86 consumed, and E£180/kantar for other types, to facilitate absorption of that season's sizeable cotton surplus, estimated at 1.5 million kantars. The surplus was attributed to the international financial crisis and associated recession in offtake (internal and external sales). However, beginning stocks for the coming season should be very small, raising the possibility of further increases in imports, which have already reached high

Product	Export Value in Egyptian Pounds			
	2006	2007	2008	2009
<b>Cotton Sewing Thread</b>	100,835,090	14,589,166	13,660,877	29,045,389
<b>Cotton Yarn containing 85% or more by weight of cotton</b>	731,502,100	834,056,564	831,405,198	686,213,397
<b>Cotton Yarn containing less than 85% by weight of cotton</b>	59,846	688,498	1,038,467	4,365,769
<b>Cotton Yarn (other than sewing thread) put up for retail sale</b>	41,379,458	13,914,891	43,807,006	88,669,297
<b>Total Cotton Products</b>	873,776,493	863,249,118	889,911,549	808,293,852

Source of figures: GOEIC

# COMMITTED TO COTTON

## REINHART SINCE 1788



Paul Reinhart AG  
Technikumstrasse 82  
P.O.Box 2259  
CH-8401 Winterthur  
P: +41 52 264 81 81  
F: +41 52 212 00 55  
mail@reinhart.ch  
www.reinhart.com

## Major Exported Products 2008

■ Cotton Yarns

■ Synthetic & Artificial Staple  
Fibres & Monofilaments

■ Woven Cotton Fabric

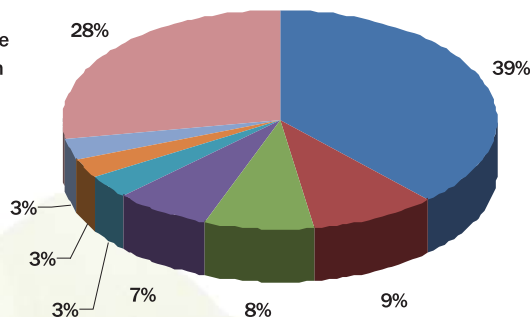
■ Fabric Woven from Man-made  
Staple Fibre & Filament Yarn

■ Man-Made Staple Fibre Yarn

■ Raw/Treated ( Flax, Jute,  
Others)

■ Flax Yarn

■ Others



levels in recent seasons. During 2008/2009 (the Egyptian season runs from September to August), 82,050 tonnes of cotton were imported (according to CATGO), up from 32,850 in 2007/2008. This season, though to the end of May, imports totalled 80,000 tonnes, with four months still to go. Assuming a seasonal consumption of 160,000 tonnes [editor's note: Cotlook's own figure is higher], local mills need 10,000 tonnes per month until the movement of the new crop. So, it is natural to address the alleviation of import restrictions. Cotton imports are exceptional in accordance with Egyptian agriculture law and certain regulations, especially in relation to fumigation. New origins will join the traditional seven permitted supplying countries. West African nations have been considered, due to the proximity of supply, and negotiations have been instigated to extend the number of acceptable growths from the United States.

However, in the short term, there is a decreased supply internationally, particularly from geographically nearby origins.

Despite the strength of upland prices, the Egyptian market will be, for a while, a consumer of imported cotton. There are no defined policies on trialling upland cotton cultivation in Egypt, only uncoordinated, dispersed efforts. There is resistance to official agricultural research centres for upland cotton, despite detailed studies promoting medium staple cotton cultivation developed in the 1980s with American funding, which due to a lack of political support were kept in closed drawers. The current management of the governmental holding company and influential private spinners are pushing strongly for local upland cotton cultivation, to

■ Cotton Yarns

■ Synthetic & Artificial Staple  
Fibres & Monofilaments

■ Fabric Woven from Man-made  
Staple Fibre & Filament Yarn

■ Woven Cotton Fabric

■ Synthetic & Artificial Filament  
Yarn

■ Raw/Treated ( Flax, Jute,  
Others)

■ Sewing Thread of Synth & Artif.  
Staple Fibres

■ Man-Made Staple Fibre Yarn

■ Others

satisfy a need for cheap raw materials with certain technical specifications.

Domestic production and consumption will reach the required balance if the voices of producers, exporters and manufacturers are heard and if there is transparency in the formation and application of agricultural policies.

In this context, an Egyptian National Competitiveness Council report should be highlighted, as it outlines a vision for a "Green Egypt"; green in terms of renewable energy use, securing a sustainable environment and merging of environmental and economic policies.

### Textile exports

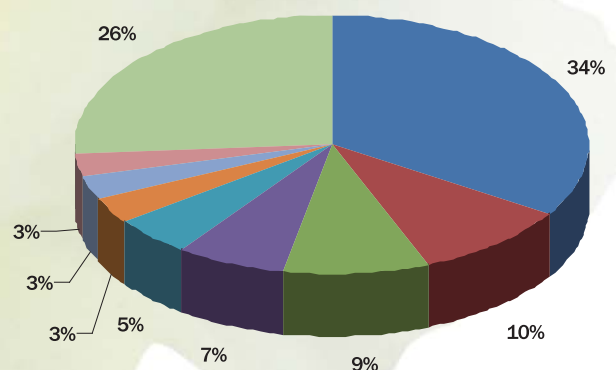
The State Plan is to more than double the country's exports by the end of 2013 from E£92 billion currently. Egyptian yarn and textile exports totalled E£2,840 million last year, down from the E£3,118 million recorded in 2008. However, sales

showed an increase of 48 percent during the first quarter of this year, reaching E£865 million. Exports of finer counts of yarn, valued at US\$118 million in 2008, represented no less than 31 percent of global exports of those constructions. Although, according to Yarn and Textile Export Council data, a total of E£4,074 billion was invested in textile machinery between 2006 and 2009, the industry still has to import increasing volumes of coarser counts of yarn.

The Ready-Made Garment Export Council has set a target for exports to reach US\$2.6 billion by 2013, thereby doubling the total of US\$1.3 billion recorded last year. Moreover, the aim is to increase manpower during that period by 78 percent (by recruiting 442 people) and increase the number of exporting companies by 21 percent, to 842. These goals will be achieved by pumping investment of US\$1.7 billion into the sector.

Sales to the US market are expected to be key to any increase in ready-made garment exports. By 2013, half of

## Major Exported Products 2009



all foreign sales are forecast to be to the US, and most of the remainder to European Union markets. The largest export category is expected to be "Trousers and Shorts", followed by "T-shirts". Establishing an independent, ready-made garments and home textiles chamber within the Egyptian Industries Federation could be a catalyst to creating an organisational body which encourages small and medium-sized companies to participate in the export market and therefore increase their profits.

According to the Export Council, exports of home textiles will increase at an average annual growth rate of 31 percent during the next three years. The value of exports within that sector last year was E£3.1 billion. Compared with a year earlier, first quarter sales this year

were up nine percent, reaching E£860 million, with the most significant advance recorded in curtains and upholstery cloth. The largest markets were the European Union (taking 48 percent of the total) and the United States (29 percent).

### Bright outlook

Transparency in governmental policy and effective input by industry are prerequisites the raw cotton and textiles sectors are successfully to face prevailing internal and external challenges. Pressure is being exerted by many sector-related bodies, providing hope that global standards will be adopted, giving the future for Egyptian cotton and its products a whiter, brighter hue.



We offer our clients the best quality of Egyptian raw cotton.  
This is not a promotion. It is a promise.

Founded by  
**Adel Leheta**

Chairman  
**Mohamed Leheta**

422 El Horreya Avenue, 1st Floor Apartment 3, Roushdy, Alexandria, Egypt

**Tel:** 002-03-5410440

**Tel & Fax:** +20 3 5435569

**Office Mobile:** +20 100051053

**Mobile:** +20 101666676

+20 122231153

**E-mail:** [trustco@link.net](mailto:trustco@link.net)

[salestrustco@link.net](mailto:salestrustco@link.net)

Member of ALCOTEXA



# Analytical Report on China's Long Staple Cotton Market



By **Fu Changjian** (General Manager)  
**Deng Ang** (Vice-General Manager)  
Chang Zhou World Cotton Co.,Ltd

World long staple prices have fluctuated sharply of late, reflecting dramatic changes in production, consumption and trade. China's long staple (LS) market has not been immune. Taking the average over the last four years, local LS output, imports and consumption have ranked top globally and this is expected to remain the case for some time to come.

## 1. China's LS cotton supply and demand situation

The data in the table exclude cotton with 32 to 35mm staple, since production of these cottons fluctuates sharply. In addition, the definition of what constitutes LS cotton varies from country to country, leading to divergence in statistics. According to China's Long Staple Cotton Standard (GB19635-2005) and Upland Cotton Standard (GB1103-2007), cotton with staple above 33mm is LS cotton, below is upland. There is no official definition for extra-long staple (ELS) or for cotton with 33 to 35 mm staple.

However, in trading practice, 33mm to 35mm is normally called 'medium' staple cotton. In some other countries, however, this would normally be classed as long staple cotton and the length above as extra-long staple. Therefore, we can only get an accurate understanding of world LS/ELS output, consumption, imports and exports when the different standards in individual countries are taken into account.

China long staple cotton balance sheet					
	tonnes				
	2006/07	2007/08	2008/09	2009/10	2010/11
Beginning stock	20,000	70,000	115,000	45,000	15,000
Production	180,000	190,000	120,000	90,000	120,000
Import	60,000	50,000	25,000	80,000	60,000
Export		25,000	10,000		
Consumption	190,000	170,000	205,000	200,000	180,000
Ending stock	70,000	115,000	45,000	15,000	15,000

Source: Chang Zhou World Cotton Co., Ltd

Notes: China's cotton season is from September through August.


Stocks include industrial (held by mills), commercial (held by traders) and social supplies (state reserves).

## 2. A review of the local LS market during the past three seasons

**2007/08:** Farmers planted more, encouraged by the LS cotton price rising to 24,000 yuan during the previous campaign. Output reached 190,000 tonnes in 2007/08, while imports totalled 50,000 tonnes and production of 'medium' staple cotton reached 100,000 tonnes. The LS supply comfortably exceeded demand, pressing LS prices down from 24,000 yuan per tonne, to 17,000 yuan. LS seed cotton prices dropped continually during the harvest period and at times fell below upland prices, undermining planting intentions for the next season. In 2007/08, domestic stocks were quite high, but in the later stages of the season, low stocks outside of China lifted international prices to around 24,000 yuan per tonne, 7,000 yuan higher than the domestic price. China exported more than 20,000 tonnes of cotton in 2007/08 and shipments were still active between August and November 2008. Some exporters of high-end textiles products, however, had to use US Pima or Egyptian Giza varieties, according to requests from retailers. Therefore, China had to import a great volume of LS, while exporting domestic LS at a low price. These requests for certain raw materials are essentially a kind of protectionism in foreign trade.

**2008/09:** LS area decreased by 45 percent, influenced by low seed cotton prices in 2007/08. During the harvest and procurement period, high-end textiles and apparel exports declined sharply, influenced by the world financial crisis, which severely undermined LS consumption. Huge stocks depressed the LS price from 17,000 yuan per tonne to 15,000 yuan. At that time, world upland prices also fell sharply. China's government procured upland cotton to support the market, but no LS cotton was taken up. LS seed cotton prices went lower and lower, which hurt farmers' planting intentions greatly. However, after the Lunar New Year, the relative competitiveness of LS prices, compared with upland values, stimulated offtake and the situation changed rapidly. The world economy was warming up and the high-end textile and apparel market recovered, leading to higher LS consumption, which absorbed stocks rapidly. Furthermore, world LS cotton area fell in 2008/09, accentuating the upward trend in local prices (from below 15,000 yuan per tonne to 18,000 yuan). The commercial stocks of LS cotton which had accumulated during the past two seasons were basically sold out and built a fundamental base for the price to rally through into the next season. But at the end of this season, other LS producing countries still had some stocks, including US Pima (50,000 tonnes), Egyptian and other growths.

**2009/10:** China's LS area dropped to the lowest level for four seasons. Yields also fell, owing to unfavourable weather conditions. LS cotton demand, however, remained strong. In the very beginning of the harvest, ginners, cotton



WHERE QUALITY, INTEGRITY AND RELIABILITY COME TOGETHER.

WHITE GOLD  
COTTON  
LLC

MERCHANTS OF ALL U.S. GROWTHS

5555 Business Park South, Suite 210  
Bakersfield, CA 93309 · 661 636 0280 · Fax 661 636 0286  
[www.wgacotton.com](http://www.wgacotton.com)

merchants and mills all procured LS cotton actively. Some enterprises bought large volumes of imported varieties, noting the relative attractiveness of international prices. In early October, some LS shippers suspended offers and some defaults on existing contracts were reported. This triggered panic buying among local mills and LS prices soared from 18,000 yuan, to 24,000 yuan per tonne in one month. More recently, prices have exceeded 28,000 yuan per tonne, as textile and apparel exports have continued to increase and upland cotton prices have also kept rising. Before the end of the season, the availability of LS cotton worldwide was quite limited and China has no LS cotton in the state reserves. Scope therefore exists for further price rises.

## 3. Outlook on China's LS market for the new season

It is expected that there will hardly be any commercial LS cotton stocks (held by traders) in the early part of the 2010/11 season, apart from a low inventory held by mills. According to reports from other LS producing countries, the planted area has increased only modestly. China's LS cotton area also showed an increase, but the crop was planted late and the harvest might be delayed. Weather conditions will be crucial for yields. The LS cotton price is expected to remain at a high level, as the tight supply of LS worldwide, and especially in China, will not ease until the 2011/12 season.

# Outlook for China's Long Staple Market in 2010/11



By **Liang Wenying**, Chairperson,  
Xinjiang Yinlong International Co. Ltd.

China's main domestic long staple variety is the improved 'Xin Hai No. 21' strain. It is high yielding, provides stable output and high quality, it is very adaptable and easy to harvest. However, this variety is mainly suited to areas where cotton blight is rare, such as Aksu and Kashi. Long staple cotton needs a longer growth period and is prone to incidences of blight, but there are no effective measures (neither locally nor internationally) to combat the disease. Therefore, farmers must rely on crop rotation and varietal development to control it.

Recently, a new variety, namely 'Xin Hai No 36', which is cultivated by the Agricultural Sciences Institute of No. 1 Division of the Production and Construction Corps (PCC), was approved by Xinjiang Autonomous Region Crop Variety Approval Committee. This Institute has accumulated in-depth experience in cultivating new cotton varieties which are resistant to blight.

Awati is a high quality cotton production base in China, which has the honour of being named "the home of long staple cotton" by the Ministry of Agriculture (MOA). Awati boasts a high-yielding cotton area of over one million mu (1 hectare = 15 mu), which is mainly devoted to long staple cotton. In 2009/10, yields of 112 kilos per mu (or 1,680 kilos per hectare) were achieved. The average cost of cultivation is 1,250 yuan per mu (or US\$2,749 per hectare, using an exchange rate of US\$1 = RMB 6.82 yuan), owing to the rising cost of labour for hand picking.

## 1. Review of China's long staple cotton market in 2009/10

In the past couple of years, the area planted to long staple cotton in the top three producing countries in the world (namely the US, Egypt and China) fell. Estimates suggest local long staple output was only 80,000 tonnes in 2009/10, with yields averaging 112 kilos per mu (or 1,680 kilos per hectare). The crop proved to be well below our initial prediction in June of 117,000 tonnes, owing mainly to the effects of drought during cultivation and an early winter, which caused some cotton to be left in the field. In addition, for some reason, we think around

15,000 tonnes of cotton was excluded in the statistic data. During 2009/10 season (September/August), through to December 31, no more than 500 tonnes of long staple cotton were exported, with an average price of 151 cents per lb (FOB Tianjin).

China's long staple cotton consumption was around 200,000 tonnes in 2009/10, which lifted prices. All 2009/10 crop, plus the 100,000 tonnes stocked by No. 1 Division, has been sold. However, some supplies, for which no detailed figures are available, were still stocked in railway stations awaiting delivery, owing to the limited transporting capacity.

## 2. Outlook for 2010/11

Awati is estimated to have planted around 1 million mu, mainly to long staple cotton, including 624,800 mu of 'Xin Hai No. 21' and 361,700 mu of 'Xin Hai 31'. Planting was delayed by around one week, owing to cold temperatures and potential yields may suffer, perhaps dropping to 110 kilos per mu, suggesting a total crop of 100,000 tonnes. Last October, the local long staple price reached around 20,000 yuan per tonne, and then rose 4,000 yuan within one month. The price hit 25,000 yuan per tonne in early 2010 and is now closer to 27,000 yuan (supplies are very limited).

Strong winds, snow, rain and hail are not unusual in parts of Xinjiang during April and May and these conditions should not have a major impact on crop prospects, so long as replanting is completed by the end of May. However this year, a more sustained cold snap during the planting period could have more serious consequences.

Recently, cotton prices rose rapidly and were reflected in yarn prices. Yarn traders and downstream textile manufacturers were active purchasers, creating a short-term shortage in yarn supply. However, as the global economy has not fully recovered and European and US markets remain sluggish, long staple prices are expected to remain at around 27,000 yuan per tonne, at least until the movement of the new crop.





# A global leader in cotton



**Olam is the world's leading originator, processor and merchandiser of cotton. Our unmatched origin presence, expertise in managing risks in the supply chain and the capability to offer a universal product range, has enabled us to carve out a leading, competitive position in the international cotton market.**

At the heart of our core competence is the ability to manage emerging market risks which is derived from our direct presence in all major producing and consuming markets. The volatile commodity environment poses a significant challenge in controlling risks and protecting margins. Olam has addressed these concerns through development of in-house customised and affordable risk management solutions for growers and spinners.

Olam is committed to ensuring the cotton it sources is subject to the best production and processing practices. Improving the livelihoods of rural farming communities in emerging markets is an integral part of our business. We believe in creating value for all our stakeholders.

# The Outlook for Long & Extra Long Staple Production and Consumption in India



By **Vinay Kotak**,  
Kotak & Co. Ltd.

## Introduction

In order to review the "Outlook" for Long Staple (LS) and Extra Long Staple (ELS) Production and Consumption in India, we will need to travel through the past, present and future.

Before starting our journey, we need to define and classify the staple composition and grouping of Indian cottons. Traditionally, Indian cotton is grouped into the following five categories of staple length (Source: Indian Cotton Annual of the Cotton Association of India):

I.	Short Staple	- Staple length 20 mm and below
II.	Medium Staple	- Staple length 20.5mm to 25.5 mm
III.	Medium Long Staple	- Staple length 26 mm to 27.5 mm
IV.	Long Staple	- Staple length 28 mm to 33.5 mm
V.	Extra Long Staple	- Staple length 34 mm and above.

However, as per current trade practice, I shall take LS to mean staple length of 31 to 32 mm and Extra Long Staple as 32 mm and above.

Production of LS has grown in recent times, output in the Extra Long Staple and Short Staple group has fallen, trends that may continue in future seasons, unless corrective measures are taken.

## Supply Position

### LS Cotton (all roller ginned)

India produced 4.0 million bales during 2009/10, making it perhaps the largest producer in the world in this staple group. Indian farmers have successfully grown LS

cotton from high-yielding Bt seeds, produced a huge crop and benefited from very good returns, some of the best profits in recent history. Such earnings from the current crop should influence farmers to increase acreage for 2010/11 by about 10 percent, especially in states like Andhra Pradesh, Maharashtra and Karnataka.

State-wise production of LS cotton during 2009/10 (in millions of bales of 170 kilos) is shown below:

State	Bunny/Brahma	MCU-5
	31 mm	32mm
A.P. / ORISSA	1.4	1.4
TAMIL NADU	0.1	0.05
KARNATAKA	0.4	0.05
MAHARASHTRA /M.P.	0.6	—
<b>TOTAL</b>	<b>2.5</b>	<b>1.5</b>

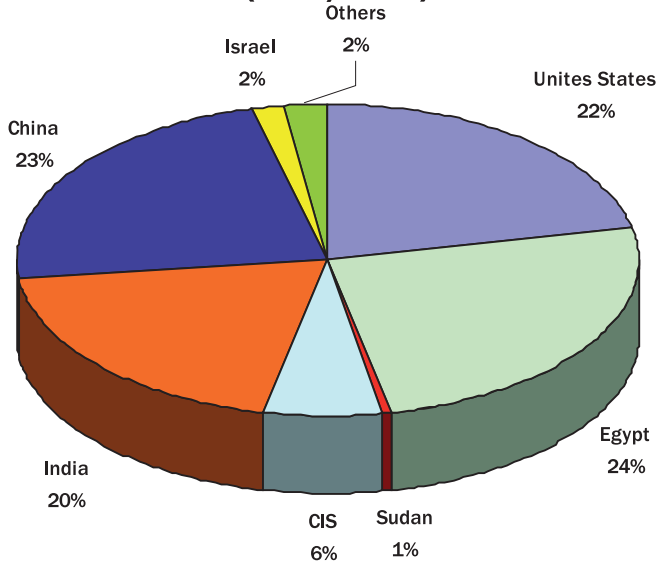
The MCU-5 variety is the second most popular export brand, behind Shankar-6. It is liked because of its silky touch and creamy look, and typically gives a staple of 32 mm and GPT ranging from 31 to 32, based on HVI classing. This cotton is ideal for 60s Ne counts of yarn and provides Indian spinners a competitive edge in that construction on international markets.

Pakistan and Bangladesh spinners have started recognizing the value of Indian LS cotton, which now constitutes 35 to 40 percent of raw cotton exports to those countries. Now other Far Eastern countries have started actively considering MCU-5, but are still lagging behind Pakistan and Bangladesh.

### ELS Cotton (all roller ginned)

We have only three ELS varieties left, namely SUVIN, DCH-32 and MCU-5.

### India's Share of LS/ELS Cotton in World Supply (2009/2010)



Suvin was introduced in 1974 by cross breeding Sujata and St. Vincent sea island seeds - the name comes from the first letters of each variety. Suvin typically has a staple length of 36 to 40 mm, fibre strength of 34 to 36 GPT and a Micronaire range of 2.9 to 3.3. It is the finest cotton produced in India and can be a substitute for Egyptian Giza 45 in that it can produce 120s counts of yarn. Unfortunately, production was only around 1,000 bales in 2009/10, all in Tamil Nadu.

DCH-32 is the other important ELS crop in India. It generally yields staple length of 34 to 36 mm, strength of 34 to 35 GPT and a Micronaire range of 2.8 to 3.3. A spinner might expect to spin up to 100s count from DCH-32. Production in 2009/10 season totalled about 200,000 bales, half in Madhya Pradesh (34 to 35 mm) and half in Karnataka (35 to 36 mm).

MCU-5 can also produce lint which falls into the ELS bracket. Output of this cotton in Andhra Pradesh during 2009/10 was 300,000 bales, with staple length of over 33 mm, GPT of over 32 and Micronaire of 3.5 to 4.2. It is usually used in mixes for 80s counts.

The total supply of ELS during 2009/10 was around 500,000 bales (170 kilos).

### Imports of LS and ELS

India is a significant importer of US Pima and Egyptian varieties, which together constitute 80 to 85 percent of the country's total ELS imports.

### Imports in thousands of tonnes (approximate figures)

	2005/06	2006/07	2007/08	2008/09	2009/10 (estimated)	2010/11 (projected)
US Pima	16.3	19.9	31.9	5.9	27.1	29.0
Egyptian	20.7	10.8	27.9	4.4	27.3	28.5

### Balance Sheet for Domestic ELS Cotton

(in thousands of tonnes)

	2008/09	2009/2010	2010/2011
Opening stock	23	25	27
Production	77	77	82
Import	50	70	73
Total supply	150	172	179
Consumption	125	145	156
Closing stock	25	27	26

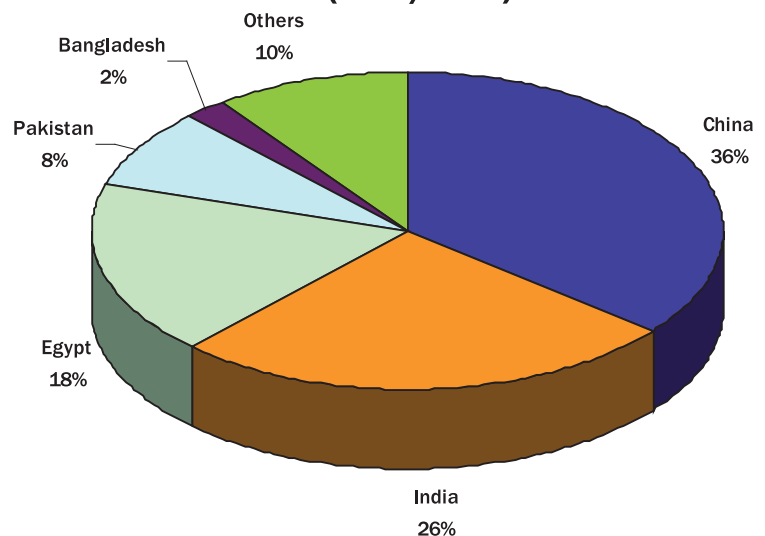
### Demand

India's economy has recovered faster than other developed countries, and almost in line with China. During 2009/10, GDP grew by more than eight percent and could hit double-digit growth by 2011/12, provided there is accelerated economic recovery in developed countries and a good monsoon.

An expanding middle class with increased purchasing power, should allow domestic demand for finished products made with ELS cotton to keep on increasing. Normally, fine and super-fine counts of yarn are used by the handloom industry to weave muslin for traditional Indian apparel, such as sarees and dhotis. They are also used for

knitting high-end garments, worn close to the skin, kids wear, shirting, home furnishings and even jeans. There is a steady growth for these products both on local and export markets. ELS varieties have therefore assumed considerable economic significance.

### India's Share of LS/ELS Cotton in World Demand (2009/2010)



India occupies a prime position in the fine and super-fine count cotton yarn trade and its products in the global market command a share of about 40 percent. Currently, around 7.7 million spindles (28.5 percent of working capacity) are utilized to produce fine and super-fine counts. The ELS cotton requirement in India is estimated to grow to around 2.0 million bales by 2015.

## Research

Different research organizations in India are looking at ways to overcome or minimize the following shortfalls in growing ELS cotton:

- The available ELS varieties have a low ginning outturn of 30% and low Micronaire values.
- The density of fibres on seed is low, as compared to foreign varieties.
- Increased cost of cultivation eats into profits.
- ELS varieties are late maturing, which can lead to quality problems.
- Uneven fluctuation in ELS market prices.

## Efforts of CITI/SIMA/SICA

The Confederation of Indian Textile Industry (CITI), the umbrella organization representing the entire local textile industry, and the largest association of spinning mills and prime users of cotton, the Southern India Mills Association

(SIMA) have prepared a Vision Statement for achieving self-sufficiency in ELS, which includes the following goals:

- Increase ELS production from the current annual production of 0.26 million bales to 2.0 million bales by 2015.
- Improve ELS fibre quality parameters to bring them on a par with international varieties, like Egyptian and US Pima, by 2010.
- Increase area and yields to ensure higher income to the farming community.
- Ensure availability of fine and super-fine count yarn at a competitive price to the handloom sector and also meet a growing demand from the export market.
- Establish Indian ELS as an international brand.
- Establish an ELS cotton Special Purpose Vehicle (SPV), with public and private sector partnership, for promoting ELS cotton.

# A TRUSTED NAME IN THE WORLD OF CONTROLLING RAW COTTON

render inspection services impartially for all operations  
engage professionally skilled and sincere personnel  
serve our valued clients with prompt reporting  
maintain trade secrecy of our valued clients

 **রাজ্যল ইন্সপেকশন ইন্টারন্যাশনাল লিঃ**  
**ROYAL INSPECTION INTERNATIONAL LTD.**



**WORLDWIDE INSPECTION SERVICES**  
**ISO 9001:2000 CERTIFIED COMPANY**

### Head Office

Baitul Khair (3rd Fl), 48/A-B Purana Paltan, Dhaka - 1000, Bangladesh  
Tel: +880-2-7176862, 7126126, 9553476 Fax: +880-2-9559351, 8114481

E-mail: royalone@bdcom.net, royal@bdcom.com, royalbs2007@rediffmail.com

### Singapore Office

23 Marshall Road, Singapore 424859

### European Office

Jupiterstraat, 9, B-9030 Gent, Belgium

### Uzbekistan Office

Askarov Street, 5, Tashkent, Uzbekistan

### MEMBER

- \* The International Cotton Association Ltd. (ICA), U.K.
- \* The Bremen Cotton Exchange, Bremen, Germany
- \* The Association Francaise Cotonniere (AFCOT), France
- \* The Gdynia Cotton Association, Poland.

For further information, please visit our Website: <http://www.royalinspectionbd.net>

The South India Cotton Association (SICA) has sought the creation of a Cotton Development Fund to promote ELS cotton, as acreage and yield are dwindling. It has become increasingly urgent and necessary to formulate policy initiatives to increase DCH-32 production.

### Draft National Fibre Policy

The Ministry of Textiles has come out with a draft National Fibre Policy, the objective of which is to strengthen the fibre economy and make the local textile and garment sector competitive in the long term. The government has decided to create a technology mission, under the National Fibre Policy, on speciality cotton (organic, Suvin and other ELS) to give the desired momentum to these segments of the cotton economy in the short term. A board for the development of speciality cotton has been established.

The mission strategy for speciality cotton under the Policy is as follows:

- To increase Suvin area to 7,500 acres in the next five years.
- To provide quality seeds through parent seed developmental program, with a focus on yields, boll size, and faster maturation.
- To increase farmers' earnings and reduce production costs.
- To enhance Suvin production to 10,000 bales per year, from the current level of 1,250 bales.
- Branding of Suvin, along the lines of Supima.

### Outlook

The following are the suggestions, views and visions of the various stakeholders:

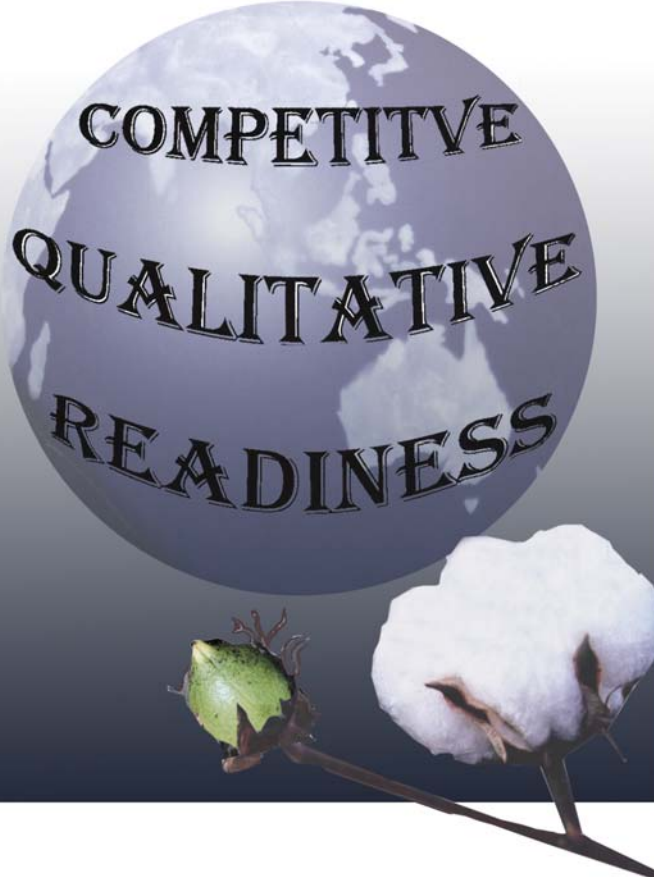
- With the help of a research organization, suitable soil, cultivation zones to be identified for ELS cotton.
- Organized seed production of existing ELS hybrids, like DCH-32.
- Targeted breeding programmes to develop new ELS varieties, with reduced growth cycles, higher yields and higher ginning outturn.
- Improvement of Micronaire and fibre strength in inter-specific hybrids, to meet the international quality norms.
- Contract farming in such zones can be encouraged by providing high yielding seeds at competitive prices.
- Affording tax benefits to ELS growers.
- Capital subsidy / VAT subsidy can be given to modern ginning factories, specialized in grading and ginning ELS cotton.
- Joint-venture projects between private organizations and farmer groups can be encouraged.
- Apart from remunerative prices for farmers growing ELS cotton, they should also get a profit bonus from spinners.

### Conclusion

India is on the right track to reduce its dependence on imports of ELS cotton, if not to become entirely self-sufficient.

# EGYCOT CO.

The First Egyptian Shipper to be registered with AQSIQ-China



**COMPETITIVE**  
**QUALITATIVE**  
**READINESS**

**Building No. (4) Mostafa Kamel Istethmari,  
Safwa Tower, Alexandria - Egypt.**

**Tel: + 2-03-5449371 / Fax: +2-03-5448381**

**Email: [egycot@egycottrading.com](mailto:egycot@egycottrading.com)**



# Long Staple Cotton Production in Central Asia – A Diminishing Trend



By **Galina Fisher**, CIS Editor;  
Director, Cotlook Limited

The contribution from Central Asian cotton producing countries to world long staple production is very small nowadays, representing just over six percent of the total this season and set to decline to almost 4.5 percent in 2010/2011.

In the contracting long staple market, the region's total output figures might not seem so low - the contributions from such countries as Sudan, Israel or Peru are also very small. However, in the context of the size of overall raw cotton production in Central Asia, long staple output represents a minute share.

Long staples are grown in three of the five Central Asian cotton-producing countries, namely Uzbekistan, Turkmenistan and Tajikistan, whose aggregate production of all cotton this

season is estimated to be around 1,217,000 tonnes, of which less than two percent will consist of LS/ELS varieties. In 2010/2011, the share of total output is expected to be even smaller, based on initial projections.

The question of the sustainability of LS/ELS production in Central Asia has been raised by Cotlook many times in our previous annual reviews and our concern is proving to be well grounded. The steady decline of production in the region can be traced back over two decades (upland production has fallen much less during this period).

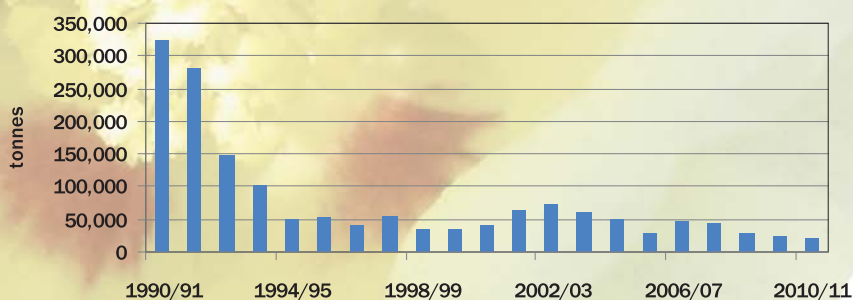
The most common factors contributing to the downward trend (and still evident in certain areas today) have included: poor quality planting seed; lack of funds for research and

development; poor incentives for farmers to grow these labour intensive and time consuming growths; absence of official LS/ELS targets and yet strong pressure to attain the overall production plans and a deterioration of ginning facilities. Weather has also played a crucial role, in view of the longer growing period and ideal conditions required; last year and this spring have not been favourable in this regard. By comparison, international price trends have perhaps been less influential on farmers' decision making.

**Turkmenistan** is today by far the largest producer of LS/ELS varieties in the region. The country enjoys good climatic conditions in the southern provinces of Mary and Akhal, and production in recent seasons has fluctuated within narrow margins. In 2009/2010, we expect output to have reached some 20,000 tonnes. The outlook for 2010/2011 is for the time being less optimistic, taking into consideration mainly the unfavourable spring weather and the official target (internal official planning at times does not readily reflect international trends).

Most of the crop is sold for export, with just a few thousand tonnes said to be consumed annually by domestic

**Central Asian LS output**



mills. For export, cotton is marketed via auction sales at the Commodity Exchange in Ashgabad. During the past few seasons, the start of the sales campaign has been delayed and large stocks, including a proportion of LS/ELS varieties, have tended to be carried forward to the following marketing year. The price levels at which the cotton is offered for sale at the origin have deterred potential buyers at times. For instance, by the middle of June this year, almost at the end of the 2009/2010 season, only half of the season's LS/ELS exportable volume had been bought by the international trade. The main consuming markets are South Asia and the Far East, and, to a lesser extent, Turkey.

**Uzbekistan**, the largest cotton producer in the region, and one of the biggest exporters of cotton to the international market, seems almost to have abandoned growing LS/ELS varieties. During 2009/2010, an estimated 2,200 tonnes were produced, from a total crop of over 850,000 tonnes. In 2010/2011, some foresee a modest rebound in LS/ELS production, but this remains uncertain.

LS/ELS varieties are grown in the country's most southern areas, the bulk in one province, Surkhandar, which has a suitable climate (though not as ideal as further south, in

neighbouring Turkmenistan). The long staple cotton produced generally has good staple and strength, but quality is sometimes marred by poor ginning. Typically, the proportion of high grades is minute. This season two modified/improved varieties, namely Surkhan-14 and Termez-49, were cultivated. The former, which accounted for around 30 percent of output, has been found unattractive by buyers owing to its shorter staple (1-7/32"), while the latter has better quality parameters, including longer staple (about 1-5/16"). Both, however, have been considered high in price.

An upturn in demand on the international market has helped local sellers to dispose of the inventory accumulated over the past two or three seasons within a short space of time. The main markets have been China and Bangladesh, where some spinners use the cotton in blends with other varieties. Owing to price, however, much of the 2009/2010 crop is believed to remain unsold.

In **Tajikistan**, the production of LS/ELS cotton during the past five seasons, since 2006/07, has declined tenfold and, today, output is minute. Farmers have faced a number of difficulties, including financial constraints and a lack of prime inputs. Weather conditions during the past two years have not been helpful.

Khatlon, the most southerly and largest producing province, is where the bulk of LS/ELS cotton is now cultivated. The intention last season was to plant some 21,000 hectares, but both weather and other factors resulted in only a small area actually coming under cultivation and the production of only a couple of thousand tonnes of lint. The situation this year is similar. The intention was to plant some 6,000 hectares, but only 760 hectares were in fact sown. Yields tend to be the lowest amongst the three countries, with the result that potential output in 2010/2011, at around merely 1,000 tonnes, would be the smallest in the country's recorded production history. The key export market is Turkey.

No real evidence of a possible revitalisation of production in the region is discernible. There can, therefore, be only two scenarios: either production will remain static at current low levels or it will decline further. Short-to-medium-term expectations are that production will probably fluctuate within a narrow range. In the longer term, unless there is some drastic remedy of the aforementioned difficulties, the declining trend seems set to deepen. Whether Central Asia will still grow LS/ELS cotton by the end of the second decade of the century is in question.



# ELS Cotton in Spain



By **Mike Edwards**, Director,  
Cotlook Limited

## Background

The recent history of cotton in Spain would seem to provide an unpromising background against which to launch new initiatives. Following the reform of the European Union's support programme, production, which (except in years of drought) had typically fluctuated around the level of 100,000 tonnes of lint, fell precipitously, to less than half that volume, from 2006/07 onward. Moreover, the nature of those reforms, which substantially 'decoupled' aid from production, resulted in a collapse in Spanish yields, which previously had been amongst the highest in the world.

## A new departure

However, in 2005, a new ginning company, Algosur (Algodonera del Sur) was established, with the intention of producing, not only the upland cotton traditionally cultivated in Spain, but also ELS styles. Just as upland output collapsed in 2006/07, the company's roller gin (the only one currently in operation in Spain, situated close to Lebrija in the province of Sevilla) pressed its first commercial quantities of ELS cotton.

As a matter of historical record, ELS varieties are not entirely new to Spain, as in earlier times such cottons were regularly produced in the Levante region, in the south east of the country.

Cultivation of ELS cotton in Andalucía, however, marked a new

departure. Shortly after its creation, Algosur entered into a three-year agreement with the Junta de Andalucía (the regional government), entailing trials of long staple cotton in the Guadalquivir basin.

Farmers, of course, also had to be convinced of the viability of producing ELS cotton, precisely at a time when changes to the aid system were providing a disincentive to maximise yields, or even to care for their cotton at all. This challenge was confronted by means of a sustained campaign of persuasion, involving talks, demonstration plots and 'field days', directed in particular at the most able and progressive cotton producers.



**Efforts are being made to limit water use.**





environmentally sustainable fashion, at lower cost. The EU system does not distinguish between upland and ELS cotton.

In the search for a sustainable model for ELS production in Andalucía, various new techniques are being applied. A major objective is to reduce water consumption drastically, to as low as 2,000 cubic metres per hectare – a reduction of some two thirds. The region is chronically short of water, although, exceptionally, supplies are more than adequate this season, following an unusually wet winter. In seasons of less abundant rainfall, the cost and feasibility of irrigation can represent a significant constraint on production.

Despite inevitable setbacks, this ‘search for excellence’ amongst cotton farmers eventually bore fruit, and the company is this season working with over sixty farmers to produce ELS cotton.

### Israeli hybrids

The cultivation of Israeli hybrid varieties has contributed much to the results of recent seasons (though trials also continue with pure barbadense strains). The principal variety under cultivation in 2010/11 is Intercott 211, an inter-specific hybrid with a relatively short growth cycle of between 128 and 150 days. The variety is capable of producing cotton stapling of 1-3/8” to 1-7/16”, with Micronaire typically in a range of 3.6/4.2 and good strength.

### Sustainability

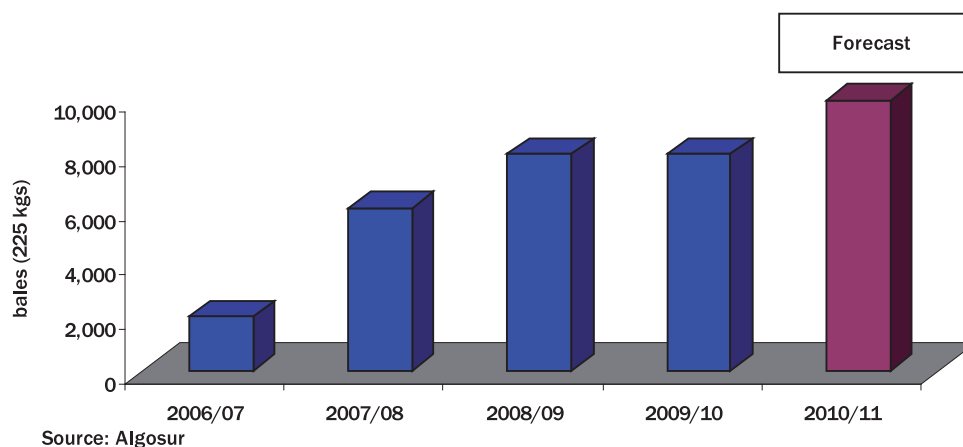
During the period prior to the reform by Brussels of the aid regime, cotton was grown in Spain with intensive use of inputs and with correspondingly high costs of production. The perceived challenge, post-reform, was, and remains, to produce premium lint, in an economically and

A more integrated pest control regime is likewise an important element in the quest for sustainable production of ELS cotton. Good results have been obtained in the fight against bollworm, with the relatively inexpensive use of *Bacillus thuringiensis* (Bt.) as an organic pesticide<sup>1</sup>, whose efficacy is enhanced if it is accompanied by milk casein (which assists the ingestion of the Bt. toxin). The first application is made as the squaring process begins, and treatments are repeated at intervals of approximately one week. Control of other insects is left essentially to beneficial predators.

### Production

Output of ELS cotton in Spain has grown slowly but steadily in recent seasons and, given good yields, may this season surpass 10,000 bales (225 kgs). Conditions have thus far been favourable, and plants generally present a robust appearance. Beyond the current campaign, if world ELS prices remain strong, further expansion is certainly possible, but is likely to be gradual, with a strong emphasis on sustainability.

**Spanish ELS production**



<sup>1</sup>Bt. is also commonly used in genetically-modified plants, but in Spain no GM cotton is permitted.



**ALGODONERA DEL SUR S.A.**

41740 Lebrija SPAIN

Telf.: + 34 95 597 2671

Fax: + 34 95 597 2168

e-mail: [algosur@algosur.com](mailto:algosur@algosur.com)

**[www.algosur.com](http://www.algosur.com)**



# ECOM COTTON GROUP

A tradition of service since 1849



Your worldwide partner promoting a sustainable cotton supply chain from field to mill.



[www.ecomtrading.com](http://www.ecomtrading.com)



# ONE THREAD TIES THE WHOLE WORLD TOGETHER.

From Corpus Christi to Hong Kong, everyone's talking about Certified FiberMax Cotton.<sup>®</sup> Prized for its low neps and longer fibers, it allows mills to stay competitive in today's global marketplace. This year, pick the cotton the whole world agrees on – Certified FiberMax.

To learn more, visit us at [CertifiedFiberMax.com](http://CertifiedFiberMax.com).



FROM THE FIELD

TO MILLS WORLDWIDE

QUALITY ALL DOWN THE LINE

