Cotton Outlook

Special Feature

August 2015

World Long Staple Market

Lower prices, uncertain demand outlook


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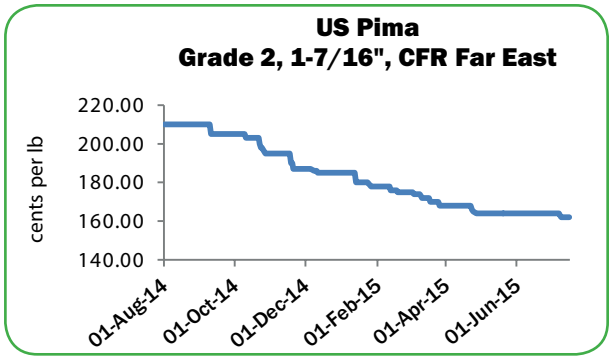
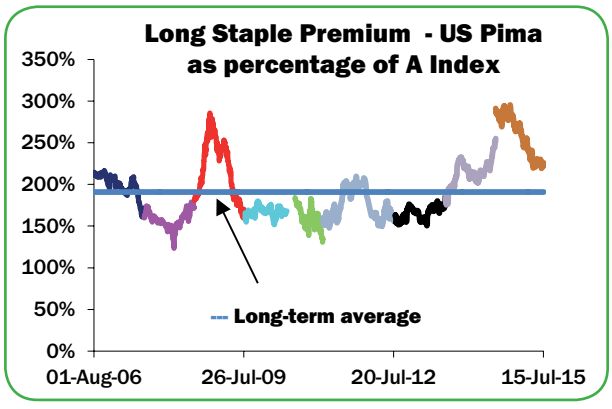
Lower Prices, Uncertain Demand Outlook

By Mike Edwards,
Cotton Outlook

2014/15 season

During the twelve months or so since our last annual Long Staple Market Review was published, the international price trend has been unmistakeable. Our benchmark US Pima quotation has declined from 210.00 cents per lb, CFR Far East, at the beginning of the 2014/15 season, to 162.00 as the campaign draws to a close. The steepest decline took place between September and March, a period of exceptionally slow US Pima export sales, whereas, during the later months of the season, a modest upturn in export purchasing has been discernible, as offers declined into the mid to low 160s cents per lb.

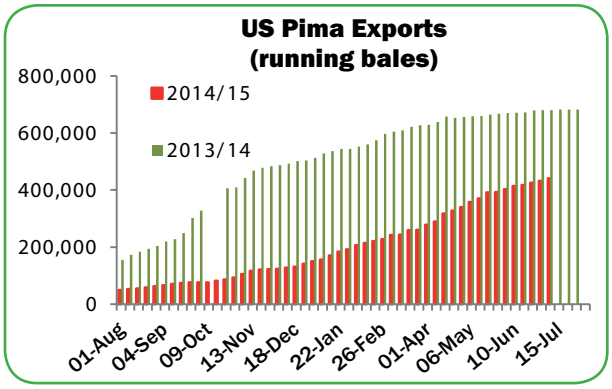




The relative stability of upland values during the same period has meant that the Pima quotation's premium over the Cotlook A Index has been eroded substantially from the exceptional high level recorded around the middle of last year. At 126 percent, however, the current premium remains above the long-term, average margin of just over 90 percent.

Major exporters

Despite the aforementioned, intermittent flurries of sales activity toward the end of the marketing year, the weakness of US Pima export sales has been one of the defining features of the period under review.



With only two weeks of the season remaining, cumulative sales, at just over 440,000 running bales (slightly below 100,000 tonnes) were lagging some 35 percent behind the corresponding figure a year earlier.

Egyptian exports have this season been maintained at a steady, if unspectacular, pace. By the end of July, cumulative commitments stood at nearly 50,000 tonnes (comprising mainly Giza 86), roughly 25 percent ahead of the corresponding figure a year earlier, in contrast to the shortfall of US sales. Export offering rates declined sharply in the early part of the

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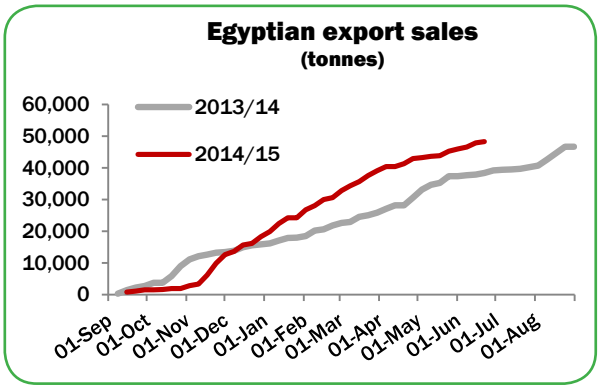
season, influenced in part by quality considerations (as discussed elsewhere in this publication), before entering a lengthy period of relative stability. The short-lived ban on imports announced in early July appeared to exert little or no influence on local price sentiment.



2015/16 outlook

While the global market trend witnessed during the season now ending can be described as unambiguously bearish, a far greater degree of uncertainty surrounds the prospects for the campaign ahead.

To judge by the contributions to this publication, US producers appear moderately positive with regard to the outlook for prices, primarily on consideration of a diminishing exportable supply, but also in recognition of the successful efforts to promote and defend the Supima® brand.

Early and rather tentative market evidence indicates that forward offers of Pima from the 2015/16 crop are indeed typically quoted at a premium of up to 10 cents in relation to nearby asking prices. However, hardly any cotton has yet been committed for export during the 2015/16 marketing year.

A glance at the production outlook for the two dominant exporters to the global market – the United States and Egypt – would seem entirely consistent with a positive view of the outlook for prices and marketing, in particular as regards the ELS (as opposed to Long Staple) category.

In the United States, the well-documented drought in California, coupled with lucrative returns from permanent crops such as pistachio and almonds, will reduce Pima plantings to the lowest level since the 2009/10 season, and barely half of the area cultivated as recently as 2011/12.

January's announcement that no subsidies would be granted to the cotton sector understandably undermined the confidence of Egypt's cotton producers, with the result that the area cultivated this season is the smallest of modern times.

As our analysis of Egyptian supply and demand indicates, ELS output, in particular, will be a fraction of that routinely produced only a few seasons ago, pending multiplication of sufficient planting seed to support commercial cultivation of the Giza 92 variety.

If there is a counter-argument to the moderately bullish view, it is clearly to be found in China. It will be recalled that a sharp downturn in Chinese long staple production was associated with the state procurement policy in force between 2011/12 and 2013/14. Those arrangements provided no incentive to cultivate long staple, as opposed to upland, varieties, as a result of which, following an initial season of inertia, output fell sharply to an estimated 60,000 tonnes in 2012/13 and just 35,000 tonnes in 2013/14.

A departure from the previous regime was signalled in January, 2014, and more details of Xinjiang's pilot target price programme for upland cotton were made known in April of the same year. Not until September, however, did Cotton Outlook report that a specific incentive for cultivation of long staple varieties had been reinstated: a subsidy set at 1.3 times the standard rate applicable to the volume of production (as distinct from that related to area) would be payable to long staple producers.

Despite uncertainty at planting time, output recovered ground in 2014/15 (as correctly predicted by our contributor, Mme Liang, a year ago). Latest data suggest that the rebound was significantly stronger than anticipated, and that output has more than doubled. The expectation is that, in 2015/16. a further quantum leap will occur that will restore production to the level typically recorded prior to the three-season, state reserve policy. The figure included in our world production table is more conservative than that advanced by Mme Liang, but still represents a major addition to world supply in 2015/16.

In summary, out current forecasts suggest that declining output in the United States and Egypt will

World LS Output
(tonnes)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16 v 2014/15
United States	109,755	185,327	169,782	138,037	128,022	97,882	-24%
Egypt	120,809	208,029	96,917	86,904	102,117	68,000	-33%
of which:							
ELS	27,921	39,547	9,154	4,762	3,631	2,000	-45%
Giza 86	92,888	168,482	87,764	82,142	98,486	66,000	-33%
Sudan	4,482	17,000	15,000	857	800	200	-75%
Uzbekistan	2,000	2,000	2,000	1,500	1,000	1,000	0%
Tajikistan	180	850	1,000	700	500	500	0%
Turkmenistan	20,911	19,221	18,000	17,415	19,726	19,000	-4%
India	62,500	72,000	65,000	75,000	88,400	94,350	7%
Peru	5,000	8,000	8,000	6,000	4,500	12,500	178%
China	120,000	130,000	60,000	35,000	70,000	150,000	114%
Israel	7,000	15,500	14,500	11,000	14,000	15,000	7%
Spain	2,250	3,100	1,370	1,820	5,000	5,000	0%
Australia	500	990	600	-	-	-	-
Total	455,387	662,017	452,169	374,234	434,065	463,432	7%

be offset by the further recovery in China. World production is forecast to increase by 6 percent during the season ahead, to just over 4c0,000 tonnes.

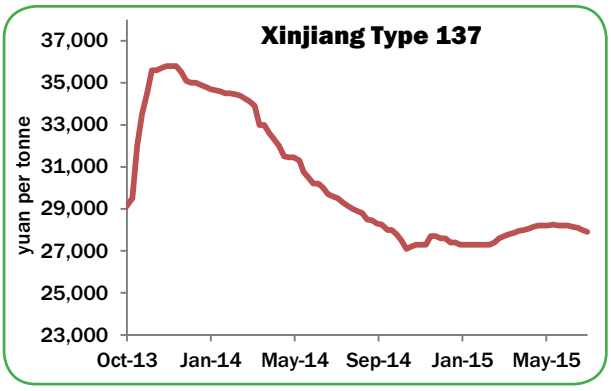
The implication of the continued recovery in output predicted for China is that import demand from that market will fall short of the levels of recent seasons – a mirror of recent developments in the upland market, though for different reasons.

Local price indications for the benchmark Type 137 quality fell sharply between December 2013 and November of last year, since when a period of relative stability has prevailed. It remains to be seen whether current prices can be maintained, if production from the 2015/16 crop proves to be at the upper end of current expectations. In recent weeks, asking prices, as reported by *Beijing Cotton Outlook*, have tended lower once again.

World LS Consumption
(tonnes)

	2013/14	2014/15	2015/16	2015/16 v 2014/15
Americas				
United States	5,008	5,443	5,443	0%
Mexico	600	650	650	0%
Peru	12,000	13,000	13,000	0%
Europe				
Italy	3,000	3,000	3,000	0%
Switzerland	2,000	2,000	2,000	0%
Germany	5,000	4,500	5,000	11%
Turkey	17,000	11,000	11,000	0%
Portugal	500	800	1,000	25%
Asia				
China	125,000	125,000	140,000	12%
India	130,000	130,000	140,000	8%
Pakistan	25,000	30,000	30,000	0%
Indonesia	7,200	4,000	4,000	0%
Japan	3,800	4,500	4,500	0%
South Korea	2,800	2,600	2,500	-4%
Bangladesh	11,500	12,000	11,000	-8%
Thailand	5,200	5,000	4,500	-10%
Taiwan	800	1,600	1,500	-6%
Turkmenistan	500	500	500	0%
Hong Kong				
Africa				
Egypt (ELS + G86)	37,407	49,800	27,500	-45%
Others	4,500	4,500	4,500	0%
Total	**398,815**	**409,893**	**411,593**	0%

If Xinjiang's long staple production does indeed prove as abundant as predicted, China's domestic consumption of long staple varieties may be expected to improve somewhat, but a substantial surplus may nonetheless develop, especially if import purchasing is to some degree sustained. As Jürg Stahel points out, the portion of China's import demand that is associated with the Supima® brand will remain intact, as will buying interest for machine-picked long staple cotton.



Some observers do not rule out the possibility that a portion of the anticipated excess supply will at some point be exported – a development for which there is no recent precedent and, it seems, currently no official sanction. Chinese exports would of course represent a new dynamic in the international long staple market.

With two weeks remaining of the 2014/15 marketing year, US Pima sales to China totalled just over 51,000 tonnes. That volume already indicates a sharp decrease from the 89,000 tonnes or so shipped to that market in 2013/14, and may well be related to the recovery in domestic output already under way. China still accounts for more than half of US Pima sales to all destinations during 2014/15.

A similar comparison for Egypt shows China as the third largest destination this season, accounting for some 12 percent of export commitments, behind Pakistan (19 percent) and the country's Free Zone (27 percent).

The overall strength of consumption in the global long staple market remains, as always, difficult to monitor accurately, and the outlook is little easier to forecast.

A predicted reduction in long staple consumption by Egyptian mills, simply for want of local supply, makes a sizeable dent in the world total. More broadly, one might of course anticipate that the recent cheapening of export asking rates, both in absolute terms and in relation to upland values, will lend some impetus to the demand side of the market. However, competition with upland cottons boasting ever-longer staple lengths and the inroads made by synthetic fibres, remain significant challenges.

On the other hand, the laudable efforts of Supima® to promote and defend cotton's place at the higher end of the consumer market for textiles, if supported by a benign economic environment, should continue to support consumption, at least as far as premium staple ELS cottons are concerned.

Our early and perhaps rather conservative forecast for next season suggests only marginal growth in consumption on balance. For the second successive season, world production is estimated to exceed consumption by a comfortable margin. Unfolding developments in China, however, promise to shape the pattern of trading, and no doubt the behaviour of world prices, during the campaign ahead.

Note on definitions: we have generally used the generic term 'long staple' to denote any barbadense or hybrid cottons, unless a specific distinction is being made between ELS and long staple cottons, as for example in Egypt. Cotton with a typical staple length shorter than 33 millimetres (for example Indian MCU-5 of Greek) is disregarded for the purposes of our supply and demand analysis.

Interview with Jürg Stahel

Vice-President,
Head Extra-Long Staple Desk,
Paul Reinhart AG,
Winterthur, Switzerland

Cotton Outlook: The current world market perspective is for lower production this season in California and in Egypt, contrasting with stable output in India and substantially increased production in China. Do you agree with this analysis and what implications do you foresee for the pattern of world trade?

Jürg Stahel: I fully agree with your analysis. According to our latest estimates, the production in 2015/16 will be about 5% less, compared to the previous season; consumption might remain about unchanged. China will most likely import less, due to its own higher production and limited import quotas. Other markets buying long and extra-long staples, however, may compensate for this shortfall.

CO: The change in China's cotton policy appears to have lent fresh impetus to output prospects in Xinjiang. Most forecasts discussed at the recent China International Cotton Conference referred to a minimum prospective output of 100,000 tonnes. Your expectation is that this will constrain China's long staple imports in 2015/16. Is there a possibility that greater consumption in China will help to sustain import marketing opportunities?

JS: Thanks to satisfactory selling prices of their XJ ELS 2014/15 crop, which for the first time is supported by a subsidy received from the Government, farmers in Southern Xinjiang are supposed to double their production in 2015/16 to over 100,000 tonnes. Coupled with limited import quotas of possibly no more than the WTO/TRQ quota of 894,000 tonnes, Chinese ELS users will definitely import less than in 2014, even if consumption is slightly increased. Many of the Chinese ELS consumers I visited in June emphasized that the spinnability of XJ ELS high grades is at least as good as that of US Pima. The only problem they mentioned is contamination. XJ ELS will remain 100% hand-picked since machine-picking is problematical, due to fact that the cotton is grown under plastic, in order to shorten the germination cycle. Yet this problem is promised to be tackled by using more resistant plastic next season. In summary, I assume that mostly US Pima (Supima-label), but also other machine-picked ELS varieties, will be imported. The only exception I see for hand-picked imports is Egyptian Giza 86.

CO: Egyptian Giza 86 in the 2014/15 season was substantially discounted in the early part of the marketing campaign owing to doubts about quality. How did this affect marketing and was the quality issue as bad as feared? Looking ahead, do you consider that remedial steps to ensure the use of better quality planting seed next season will prove effective?

JS: The Giza 86 quality indeed deteriorated last year, due to a mixing of old and new seeds. The quality and the technical specifications varied considerably between the different producing areas. Thanks to the large crop of roughly 100,000 tonnes and a careful selection by experienced classers, a good quality (G/FG) with reasonable specifications could be found. For the season 2015/16, the Ministry of Agriculture has distributed pure Giza 86 seeds to selected areas, which should enable production of about 5-6,000 tonnes of the good quality buyers were used to. For the rest of the Giza 86 crop in 2015/16, we expect quality to be similar to this season. For 2016/17, however, there should be enough pure cottonseed available once again to produce about 50,000 to 60,000 tonnes of good quality Giza 86. We should not forget that Egypt, politically and economically, has passed through very rough times. In view of the current stabilization, I am convinced that the Egyptian authorities will be able to get the quality issue under control.

CO: This year, Egypt has cut back sharply on long and extra-long staple plantings, including Giza 92, which appeared to have found acceptance among some customers. What impact do you expect this reduction to have on the world market in 2015/16?

JS: In long staple cotton, the substantial reduction of the Giza 86 crop 2015/16 will primarily have an impact on the Egyptian prices and not necessarily on the ELS world market in general. We believe that the price level of Giza 86 will remain firm in the near future. There will be good demand from traditional

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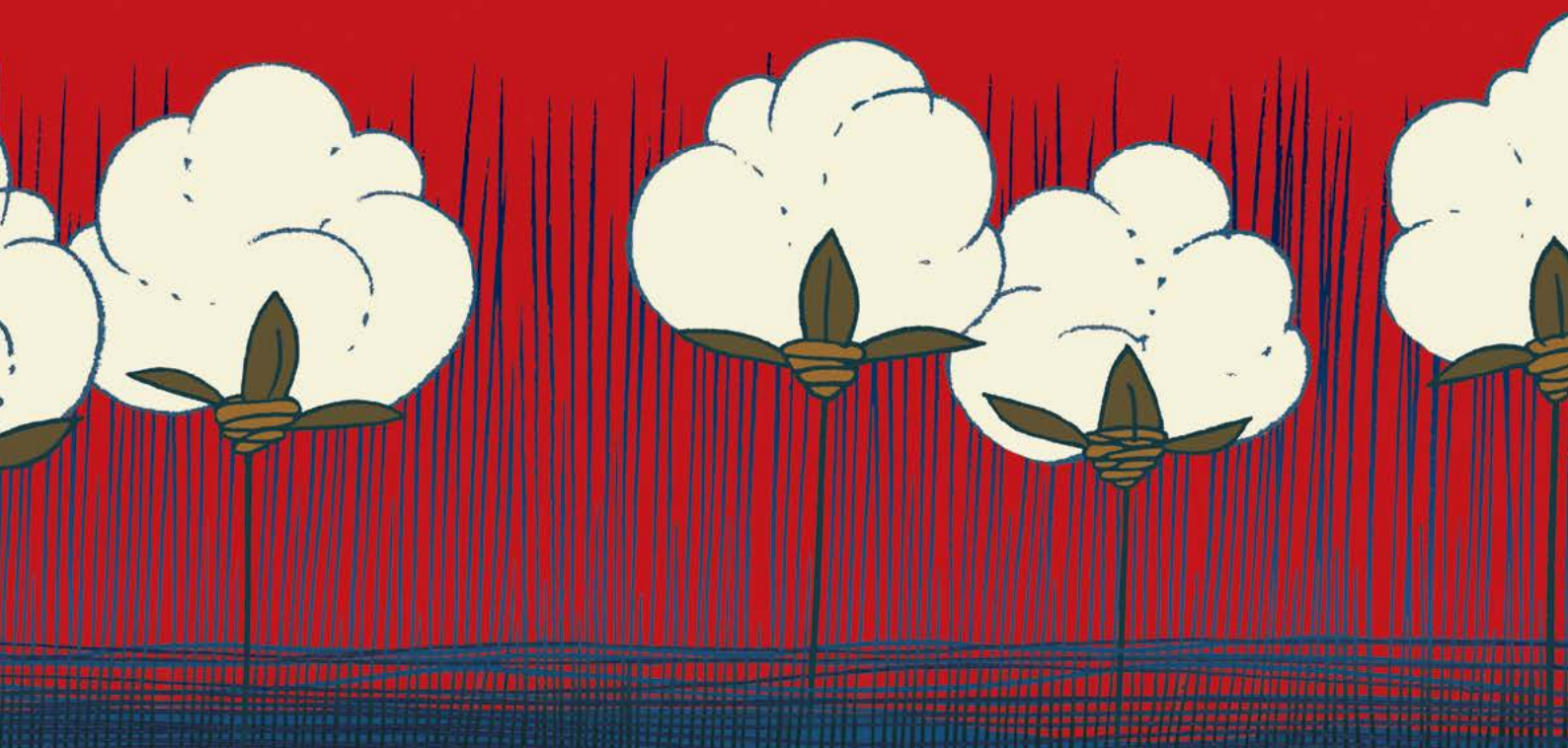

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buyers (international and free-zone buyers) for at least 40,000 tonnes. Additionally, local mills depend on Giza 86 even for lower count yarns due to a limited availability of US dollars with which to source imported cotton.

In extra-long staple cotton, with focus on Giza 88, the deterioration in quantity and quality started in the 2012/13 season. The technical parameters of Giza 88 became more and more disappointing and I don't see a revival of this variety. Regrettably, no Giza 92 has been planted for 2015/16. The Ministry of Agriculture has prevented its use since they discovered that the Giza 92 seeds from 2014/15 had been mixed with Giza 86 by intermediaries, with the aim of achieving a better yield in 2015/16. Now, this promising variety is back to square one and a small quantity of pure Giza 92 seeds will have to be cultivated at the research centre. For next season we can expect an extra-long staple production of about 2,200 tons, split into Giza 87 (about 1,300 tonnes), Giza 96 (about 700 tonnes) and small quantities of Giza 45, Giza 88 and Giza 93.

CO: Acalpi-type cottons appear to have found some popularity, with prices recently showing some firmness. Besides Israeli, such varieties are available from Greece and Spain. Do you foresee an expansion of production in these two countries and can you explain the appeal of such varieties to spinners?

JS: Yes, I see such an expansion. Since the premium for US and Israeli Pima over upland has been historically high in the past years, fine count spinners have had to look to alternatives which they also found in the machine-picked Acalpi-varieties of Israel, Spain and Greece. Especially for customers who have a contamination-sensitive clientele and who don't need a minimum strength of 40 gpt (HVI), Acalpi is a welcome variety to reduce raw material costs. Spain and Greece may be able to increase their Acalpi production, provided producers are satisfied with prices. Israel, however, is planning to reduce their Acalpi production in 2015/16 by 60% to 1,000 tons, in favour of Pima, apparently due to better profitability.

CO: As a long staple expert, the trend toward spinning higher-count numbered yarns from upland varieties that today have longer staple length must surely raise the question in your mind as to the future viability of long staple production in some countries. Sudan, where Barakat output has all but disappeared, springs to mind in this regard. Do you have a view?

JS: As long as the historically high premium of the long/ELS varieties over upland cotton persists, I do indeed see problems for some origins to market their crops. In the past, many fine spinners produced numbers Ne60 up to Ne120 out of the same blend, as margins were better and the premium over upland cotton was smaller. Nowadays, spinners are forced to source cheaper cotton for the lower end of this count range. By doing so, they are supported by an improved spinning technology (for example, compact spinning) which allows them to produce higher counts of good quality/appearance with lower and hence price-wise more attractive cotton.

CO: Is there scope, in your view, for long staple producers to benefit from initiatives such as switching to BCI or even organic cottons?

JS: Small quantities of ELS organic cotton have been produced in the US and in Israel for a long time already. In my opinion, the organic ELS business will remain a niche. I see more potential for BCI ELS. Some of the US Pima producers are already members of BCI and Israel has also joined BCI with the intention to produce BCI ELS starting from the 2015/16 season. Other ELS suppliers may follow in the near future to benefit from a hopefully increasing demand for BCI ELS cotton.

CO: To what extent is long staple cotton consumption affected by the trend toward greater use of man-made fibers?

JS: As we all know, cotton is constantly losing market share to man-made fibers. However, as long as the world textile market is growing overall, cotton may keep production in absolute terms. This is also true for long staple/ELS cotton. In the past 10 years the share of production taken by ELS and long staple cottons has varied between 1.5 and 3% (average 2%), a number which, in my opinion, can also be reached in the future.

The US Pima Market 2015-16

By Jarral Neeper,
President/CEO,
Calcot Ltd.

There existed quite bullish expectations for the 2014 crop year. US carryover stocks from 2013/14 were very manageable, at 125,000 bales, and total world carryover stocks were the fourth lowest in modern history. Smallish world carryover stocks and world production of less than two million bales for only the third time in modern history meant that total supplies would be the lowest ever, at just over 2.7 million bales.

Of course, with these statistics, there was reason to be bullish on ELS prices.

Funny though, how things never quite materialized as was expected. The weakness in upland prices exerted pressure on ELS prices and sales volumes for US exports fell rather dramatically. Through the first quarter of the crop year, US export sales challenged the 2008 crop year for the fewest export sales registrations since the 1990 crop year. US growers were rightfully stubborn early on in the crop year, refusing to lower price expectations until it became uncomfortably clear that unless prices were to fall, there might not be any sales at all.

It wasn't until mid-December of 2014 that export sales equaled the US carryover from 2013. By then, US quotations landed the Far East were a full 25 cents a pound lower than on August 1.

The primary reason US price quotations remained stubbornly high was the California water situation. The uncertainty over winter rains and eventual allotments from the Federal and State Water Agencies made a lot of growers and marketers nervous that US Pima production in the 2014 crop year may very well have to extend over two crop years instead of just one.

California is in its fourth consecutive year of drought, and there are two primary agencies that control the allocation of water, The California State Water Project (SWP) and the Central Valley Project (CVP).

The SWP is a state water management project under the supervision of the California Department of Water Resources. It is one of the largest publicly built and operated, water and power development and conveyance systems in the world. About 70% of the water provided by the project is used for urban areas and industry and 30% for agriculture.

The CVP is the largest federal irrigation system in the United States and stretches some 400 miles through the central valley of California. It provides water to approximately 3 million acres of farmland in the central valley and to six of the seven most productive farm counties (in terms of sales) in the United States.

On December 1, 2014, the State Water Project announced an initial allocation of just 5% for 2015 plantings. By March of 2015, the allocation was eventually raised to 20% but that was still a literal "drop in the bucket", compared to recent years. The last time there was a 100% allocation was in 2006.

The CVP announced an initial allocation of zero on February 27, 2015, the second consecutive year of no water.

Growers have coped with this situation by fallowing ground, drilling wells and/or paying very high prices for available water to keep almond, pistachio and grape orchards alive. Relatively low value row crop acres have suffered.

Acres planted to Pima cotton in the San Joaquin Valley for 2015/16 are estimated at 110,000, the smallest number since 1994, at which time Pima acres in the SJV were still in their infancy. Since 1994, the next smallest acres planted were in 2009/10, when only 119,000 acres were sown, but that was due to extremely low prices in the 2008 crop year.

Pima acres in the rest of the United States are estimated at 38,000, up 1,000 acres from a year ago, and the largest area since 2006, when 51,000 were planted. Arizona plantings are estimated at 18,000, New Mexico at 5,000 and 15,000 in Texas.

Total US acres, then, are put at 148,000, the smallest since 2009.

So, although export sales have been slower during

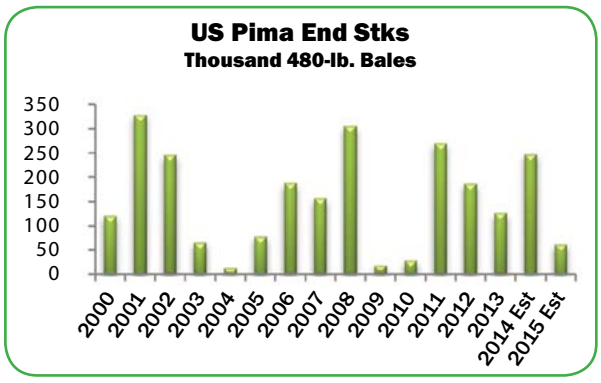
2014/15 than expected, the outlook for 2015/16 production will be lower too. Prior crop year export sales, in addition to recent buying behavior, suggest that the cautious approach to selling may have been, and will continue to be, warranted.

It did take a drop in US Pima prices to spur additional buying, especially from our primary customer of late, China. In late January and early February of 2015, US Pima prices quoted for delivery to China finally fell enough that those with 1% quota were able to buy US Pima on par with Chinese ELS pricing. By mid-February, US prices were below Chinese prices and remain so today. Since that time, US sales to China have essentially doubled.

As of late June, US Pima sales to China amounted to 214.3 thousand running bales and this compares to average export shipments over the last five years of 317,000 running bales. It's doubtful that sales and, hence, shipments to China will equal the five-year average, but they have certainly improved over the last four months.

USDA, in its latest supply/demand estimate, put total US Pima exports at 400,000 statistical bales. That compares to an estimate of 550,000 bales that was carried until February, before easing it down on slowed sales.

Based on recent sales and shipments, however, USDA may find itself revising upward the US export estimate by a modest amount, to perhaps as much as 425,000 statistical bales. This would reduce the carryover to 247,000 bales as we enter the 2015/16 season.



Based on 148,000 producing acres in 2015, the US is expected to produce 415,000 bales, which leads to a total supply of 662,000 bales.

Prior to this year, the five-year average of export sales commitments was 680,000 running bales. The retail success of the Supima advertising and promotion program has been paying big dividends for US growers, and all the metrics suggest that retail programs are running at or above a year ago.

So why aren't export sales larger? That's a great question and why Supima will be intensifying efforts to DNA test customer products for possible violators.

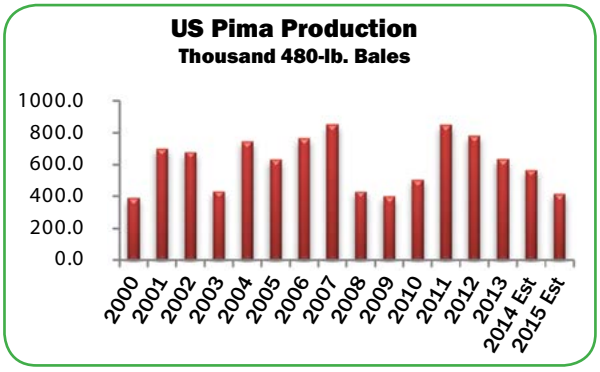
For these reasons, it is entirely likely that any Supima licensee will be extra careful and do a supply chain analysis to ensure their supplier is in fact providing them with US Pima cotton.

Because of this, we would expect export sales and shipments to pick up pace in 2015/16. As of now, export sales and shipments for 2015 are estimated at 575,000 statistical bales. Given a modest US domestic usage of 20,000 bales, total offtake of US Pima would be 595,000 statistical bales, leaving ending stocks at 62,000. No doubt that amount is manageable and, if realized, would be down significantly from this year.

Under this scenario, we would expect US Pima prices quoted for delivery to the Far East to begin a gradual (with special emphasis on "gradual") climb from its current $1.64 quotation back to between $1.85 and $1.95.

It might be easier to suggest a higher or faster pace pricing scenario but the list of unknowns is large. Greece is the biggest, but not the only, headache for the European Union; there are worries on the Chinese domestic economic front; US retail sales could be affected by worries over dramatically higher health care costs; Chinese production of ELS cotton in Xinjiang is expected to be the largest since 2011; worldwide upland pricing power remains problematical and, last but not least, a forecast and subsequent realized extremely vibrant *El Niño* condition could radically alter SJV planting decisions in the 2016/17 crop year.

In spite of these potential distractions, we believe that US Pima pricing will remain firm, with a bias to the upside as time progresses.



Water, Nuts and INTEGRITY

By Jesse W. Curlee
President/CEO,
Supima

There always seem to be serious issues facing the cotton industry. American Pima has mostly enjoyed prosperous times and growth in the past 30 or more years, with some occasional price, supply and demand issues. But presently there are three major concerns that are especially troubling and potentially lethal to the future of American Pima cotton. Two of these issues will not be a surprise to most readers, but the third hasn't been talked about much except within a small industry circle. The first issue is the severe and prolonged western drought that is restricting American Pima production. The second, and just as important as the drought, is the situation with competitive crops versus American Pima cotton. And third, is the rampant amount of counterfeiting that is occurring in products that are illegally labeled as "Pima", "Egyptian" and "Supima".

There is little, if anything, that Supima or anyone can do in regard to the water situation in the west, or the fact that other crops and particularly nut crops are providing returns that are multiples of what any cotton crop could produce. We will report about these issues, but the primary focus of this story is about manufacturers who are blending other cottons with Supima cotton. I'll only devote two paragraphs to the other two issues.

The water issue is out of everyone's control and, therefore, there is no use talking about the drought. It's a sad fact, but we will have to count on Mother Nature for relief.

Competition from other crops is not declining. In fact, it is increasing. The good news is that California's San Joaquin Valley, where most of the American Pima cotton is produced, can grow almost any agricultural crop. The bad/good news is that it can also grow lots of crops that are offering better financial returns than American Pima cotton. Two of the most lucrative crops are almonds and pistachios. These nut crops are being planted on land that was once planted to cotton. Even with American Pima prices 225% higher than Upland cotton, American Pima is not even in the same ballpark, price-wise, with respect to almonds and pistachios. The acreage committed to these crops isn't likely to change.

Counterfeiting and product deception is something that Supima can and will be doing something about. Supima will be initiating a major program to identify and report textile manufacturers that are knowingly and purposely blending American Pima with other cottons. In addition, Supima will also be testing textile products labeled as "Pima" and even "Egyptian", to verify that they too are complying with the Federal Trade Commission's Textile Fiber Products Identification Act (Textile Act). Deception of fiber content on the product or label has severe consequences from the Federal Trade Commission and they will aggressively investigate these matters.

How long has this been going on? It's not possible to be absolutely certain, but Supima and others in the industry have suspected some blending has been happening for years. However, there has been additional information provided recently that leaves hardly any doubt that counterfeiting/deception are much more prevalent than we had ever thought.

For years now, some spinners have confided to Supima that they suspect competitors of blending less expensive Upland cottons in yarns for programs that were labeled as Pima and even some labeled as Supima. They normally cite as evidence the unrealistic yarn prices offered, but some mills also report that yarn tests have shown the suspected yarn lacks the strength and/or other specific characteristics of Supima or other Extra-Long Staple cottons. These spinners have been guarded about providing Supima with the name of suspected suppliers, because they don't want to be labeled as a "tattler", even though we keep the information confidential, but then follow up with product testing.

What can Supima do and what will Supima do? For over seven years, Supima has been working with Applied DNA Sciences of Stony Brook, New York, as they worked to develop the technology to extract the DNA from cotton fibers and distinguish the difference between an Extra-Long Staple cotton such as Supima cotton from Upland cottons. Applied DNA Sciences has developed and patented their fiberTyping™ technology to be 100% accurate in distinguishing between a *Gossypium barbadense* (ELS cotton) and a

Gossypium hirsutum (Upland cotton). For a few years now, Supima has randomly and infrequently tested yarn and fabric samples from manufacturers. Going forward, Supima has significantly intensified testing of yarn from spinners. We will also take this several steps forward through the supply chain, by testing yarns received by knitters and weavers and onwards all the way through to the finished product.

It's obviously a major concern that textile manufacturers would intentionally take steps that would not only deceive Supima, but also with Supima licensed products at brands/retailers, and ultimately the consumer. This has to be a major reason why demand is flat or declining for American Pima this year, when there are more new Supima licensees. Interest from brands and retailers is at an all-time high, with demand for products that deliver on a promise of quality instead of only price. The "Supima" brand has made great strides and gained significant trade and consumer recognition and momentum.

In our opinion, it is just as important to stop the illegal use of the "Pima" label. Just like with "Supima" labeled products, a product labeled "Pima" might not be 100% Pima, as the product label indicates. It's estimated that more than 50% of American Pima consumption ends up in textile products that are not labeled as "Supima". Textile products labeled "Pima" cotton are probably made with some American Pima cotton. When manufacturers blend other cottons in "Pima" labeled products, it's reducing demand and harms the American Pima cotton grower just as much as it does with the products that are labeled "Supima". Therefore, Supima will also be sampling yarn/fabrics from "Pima" labeled products to make certain they are legitimate "Pima" products.

Because of the low price points of many "Egyptian" cotton towels at retail, one has to wonder if these products are not sometimes blended with other fibers. Randomly testing Egyptian cotton towels is also being considered Retailers and brands would be contacted if any blending is uncovered. Depending on how the product is labeled, this would be a serious violation of The Textile Act of the Federal Trade Commission.

The counterfeiting/deception/cheating… whatever you want to call it, must stop immediately. Supima is sending a notice to all our licensees that will detail the new program of identifying manufacturers who knowingly are being deceptive. Hopefully, a warning will be enough. If not, manufacturers will lose their Supima license. Supima will also contact downstream customers, as they will not be allowed to supply yarn, fabric or finished products to the retailer or brand. The entire supply chain will be notified of any finding of blending or deception of the Supima products.

There is no question that the unusual wide price disparity between American Pima and Upland cottons has made it difficult for Supima spinners and other Extra-Long Staple cotton spinners to increase prices. The differential is down to about 225%, but has been as high as almost 300% recently. This huge differential

and the pressure by retailers to maintain price points have squeezed yarn manufacturers to keep prices competitive. Some spinners, who admitted blending, told Supima they had to blend in order to remain competitive.

There has to be a level playing field for Supima yarn spinners. There will always be those who can and are willing to sell for less, but the differential has recently become too wide because a spinner was reducing his cost by blending a percentage of Upland cotton that is almost one-third less costly than American Pima. Supima will not stand for fraudulent labeling.

A few textile manufacturers have even told us recently that customers will not pay the price of 100% Supima yarn. They say that today's American Pima cotton price will not work at retail when regular cotton is so much less. The market will decide if this is true. If they are correct, then we might as well fold our tent, because the price differential between Supima and Upland cotton isn't likely to change much anytime soon. Supima takes the view that the market will pay the extra for premium and luxury products. This is evident by major Supima retail licensees, who are successfully and profitably selling Supima apparel products… made from yarn that we are certain is 100% Supima cotton.

The integrity of the Supima label is crucial to the Supima organization and the entire textile supply chain. We are confident that manufacturers will eliminate fraudulent fiber blending and labeling.

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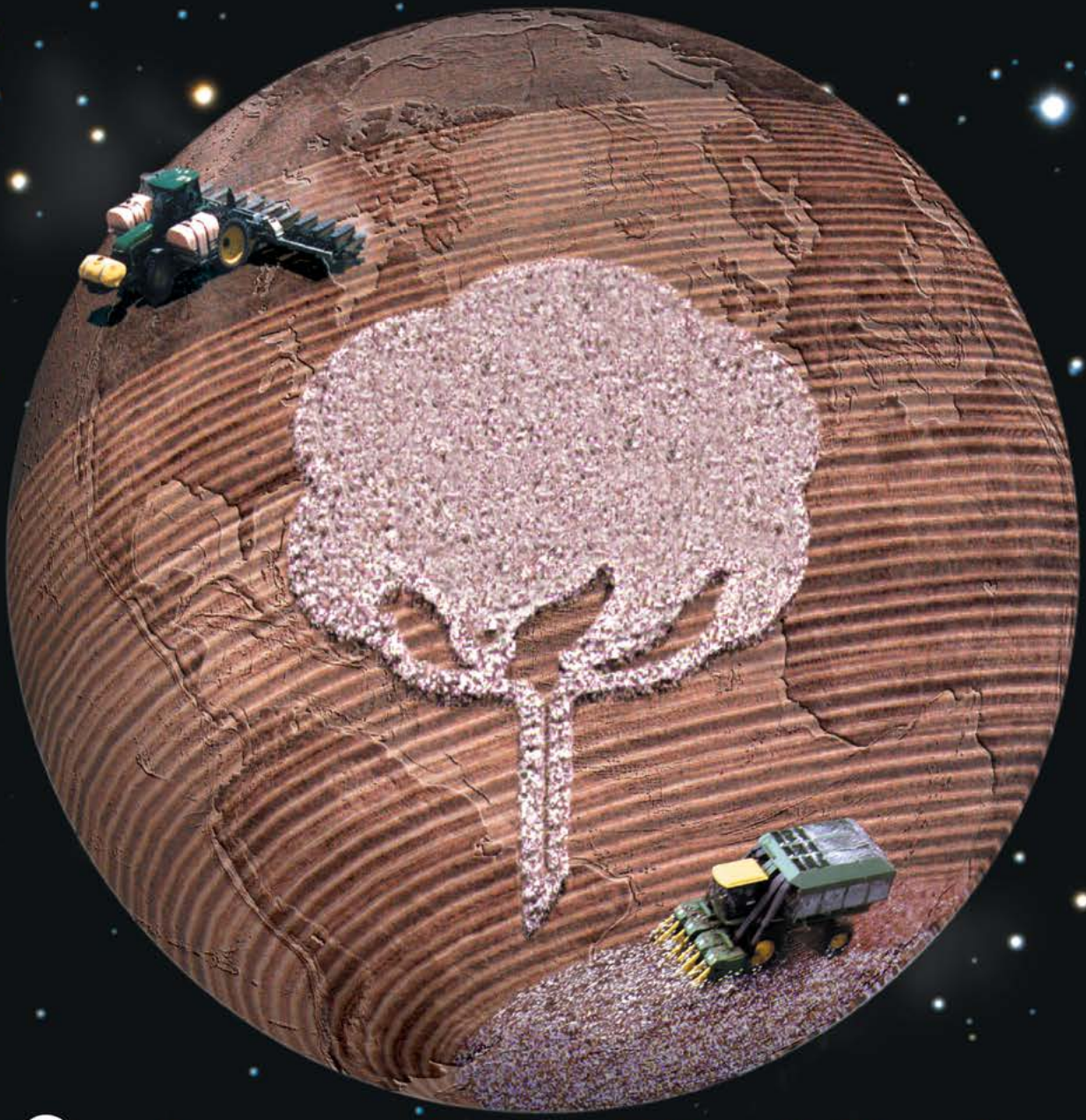

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Egypt

By Ray Butler,
Cotton Outlook

Output prospects

In last year's Annual World Long Staple Review, we predicted a modest recovery in Egypt's production in 2014/15, with the main contribution coming from Giza 86. With hindsight, the forecast made then appears to have been broadly on target: the final estimate showed output of Giza 86 and extra-long staple varieties amounting to slightly over 102,000 tonnes, to which (so as to represent Egypt's total cotton production) must be added the Upper Egypt production of Giza 90 of a further 10,625 tonnes.

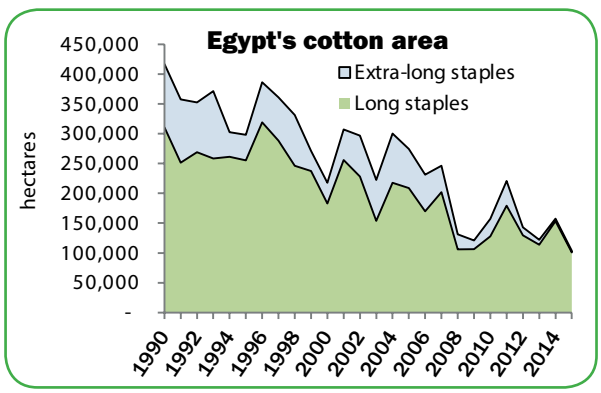
What was not foreseen at the time, however, was the adverse effect that illicit mixing of seed would exert on Giza 86 quality: deficiencies in fibre length, strength and appearance were identified. These were reflected in market prices as the season progressed, except for that proportion of the crop that was carefully selected and classed, and marketed accordingly. Extra-long staple production continued to contract.

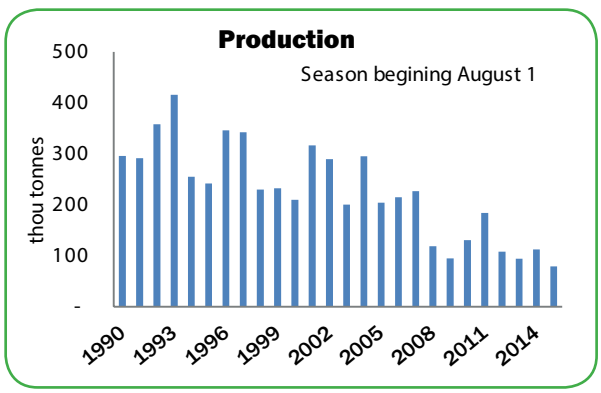
The current year's sowing period was approached with decidedly pessimistic expectations as to the area that would finally be sown, with some commentators doubting that it would prove close to the figure promulgated in official circles of over 260,000 feddan (virtually acres). An area of that magnitude would have represented a loss of almost a third compared with the preceding season. The private pessimism was reinforced by the government's decision not to offer any subsidies for either the production or the domestic consumption of cotton during the 2015/16 season. During the 2014/15 season, some E£525 million were allocated to a direct subsidy scheme, under which farmers received E£1,400 per feddan cultivated.

Planting carried on past the announced April 30 deadline well into May, however, as cotton remained in favour with some farmers as a cash crop. The final area in fact proved to be not too far short of 250,000 feddan. Based on the recent, three-year average yields, lint output of Giza 86 and ELS styles together might foreseeably reach around 68,000 tonnes - two thirds of the preceding season's level – plus, say, a further 11,500 tonnes of Upper Egypt varieties. Total production of around 79,000 tonnes would nevertheless be the smallest in living memory.

Some control was regained this year of good quality Giza 86 seed distribution and, as Reinhart's Jürg Stahel notes in his interview with Cotton Outlook, published elsewhere in this edition, hope exists that the current efforts will bear fruit, in terms of restoring quality more broadly in the Giza 86 strain, in the 2016/17 season.

The predicted output of ELS varieties is merely 2,000 tonnes – also the lowest on record (production of these varieties during the first decade of this century averaged some 44,000 tonnes per season). Scarcely any Giza 88 has been sown for the 2015/16 season and no Giza 92 is under commercial cultivation. Whereas quality issues had become increasingly





apparent as regards the former variety, Giza 92 had won some popularity and, therefore, its temporary demise (pending further seed multiplication) is doubtless a disappointment.

Demand

The discounting of Giza 86 prices on quality grounds has provided a fillip to export marketing. By the end of June, sales commitments (including those to mills in Egypt's free trade zones) were close to 48,500 tonnes, consisting predominantly of Giza 86. The figure was 24 percent ahead of last season by the same date. Observers foresee little reason to suppose that Giza 86 export demand will weaken in 2015/16.

In the 2013/14 season, according to the Cotton and Textiles Holding Company, about 26,000 tonnes of Egyptian cotton were consumed domestically and data regarding deliveries to mills by mid-May this year portend very little change in 2014/15. Despite lack of subsidy, mills will continue to prefer domestic cotton in what remains a very difficult economic climate, with tight controls placed on access to foreign currency for import purchases.

2015 Brief introduction of China's Cotton Market Situation

By Liang Wenying,
Chairwoman,
Xinjiang Yinlong International Agricultural Corporation Co., Ltd

China's cotton policy has profound effects on long staple output

The three seasons in which the state reserve procurement plan for upland cotton was in operation – from 2011/12 through 2013/14 – diminished farmers' interest in planting long staple cotton, and the area cultivated was thus significantly reduced.

The reserve policy was cancelled for the 2014/15 season, to be replaced, in Xinjiang, by direct subsidies. Subsidies are higher for long staples than for upland, which has encouraged famers to raise plantings of the former by almost 85 percent.

Long-staple cotton cultivated area and yield

1. 2014/15 area and yield

Awati County is the main area planted to long staple cotton in Aksu District. The region's total cotton area in 2014 was 1.57 million mu, including 643,000 under long staples, or 70.3 percent of total non-PCC (Production and Construction Corps) long staple plantings.

2014/15 Long staple output

	mu	kg/mu	Output (tonnes)
PCC	8,000	100	800
Non-PCC	914,900	93	85,086
Total	922,900		85,886

In both 2013 and 2014 years, sowings by Division 1 of the PCC were confined to growing a sufficient quantity for the purpose of producing cottonseed, and planted area was some 8,000 mu. However, this has still resulted in a shortfall in cottonseed supply in 2015, compared with farmers' requirements.

Customarily, the annual output of long staple lint is transported to the Mainland and, as the quantity is limited, merchants have not had to worry about an insufficiency of demand.

2. 2015/16 annual estimated acreage, yield

In Aksu District this year, the area planted to long staples in Awati County is 1.2 million mu, versus last year's 643,000 – a rise of over 86 percent. The area covered represents 76 percent of the region's total cotton plantings. Elsewhere, long staple plantings include 110,000 in Aksu City, 70,000 in Wensu County, 300,000 in Xayar County and small amounts in Xinhe County, giving a total planted area outside the PCC of 1,650,000/1,700,000 mu.

The PCC has expanded the area planted to long staples in 2015 to 50,000 mu and more divisions have become involved.

2015/16 Long staple output*

	mu	kg/mu	Output (tonnes)
PCC	50,000	110	5,500
Non-PCC	1,700,000	90	153,000
Total	1,750,000		158,500

*Taking the highest figures mentioned

In 2014, farmers from Awati County began trials growing long staples in Jiashi (Peyziwat) and Yopurga counties in Kashgar District. In the former, some 9,000 mu yielded close to 400 kilos per mu, which was promising, but Jiashi has no ginning capacity and, without processing facilities in the region, sustainable development is questionable. This year, under the influence of the national policy on reducing cotton area, only 5,500 mu have been sown and a small amount is also being cultivated in Yopurga County. Prospective output is difficult to calculate but overall production is not expected to exceed 800 tonnes.

3. Varieties

The main variety under cultivation in Aksu District is Xinhai 21, a traditional long-staple cotton variety,

with competitively-priced seed, which, under normal weather conditions, gives a fairly stable yield, and which therefore is attractive to farmers. It accounts for roughly 50 percent of sowings. Three other varieties account for a further 30 percent and the balance is devoted to a new variety, Xinhai 35, which has the characteristic of high yield.

It is worth mentioning that Lutai (Fenshou Sanchang)* has invested in planting 150,000 mu of cotton, 140,000 mu of which are under Xinhai 29, a variety that has high disease resistance and high yields, and which produces cotton with the following characteristics: strength up to 44 grammes/tex, Micronaire 4.0 to 4.3 and length 37 to 38 mm.

Awati County has undergone consecutive years of long staple cotton cultivation, which, without a regular crop rotation, is not conducive to disease resistance.

The main varieties cultivated by the PCC are Xinhai 21, 27, 28 and 25.

4. Crop progress

Sowing commenced in 2015 about a week later than in previous years, in mid-April. So far, severe weather has been avoided and plant height (by mid-June) had reached 30/60 centimetres. Budding and flowering were in evidence.

5. The domestic market outlook for long staple cotton**

In mid-June, following a seven-month period of increase, long staple prices dropped significantly, falling by 200/300 yuan per tonne in declining trading volume. The prospect of a high level of long staple output is undermining confidence in the forward pricing outlook.

Editor's notes:

** Lutai (Fengshou Sanchang or Fengshou Third Farm) is a farm in Awati County, producing mainly long staple cotton. In June 2003, Lu Tai Group and Feng Shousan field workers jointly funded the formation of Xinjiang Lutai Fengshou Cotton Manufacturing Co., Ltd, which is specialised in agriculture, industry, trade and the development of an integrated enterprise. By 2009, the total asset value exceeded 685 million yuan, with an annual turnover of more than 412 million yuan. Some 170 million yuan was invested to build a combed cotton yarn plant with 50,000 spindles, giving an annual output capacity of 2,500 tonnes of high quality, high count yarn. In 2008, almost a further 20 million yuan was invested to add another 13,000 spindles.*

***Private estimates from other sources place prospective consumption of long staples at around 150,000 tonnes.*

Extra Long Staple in Israel

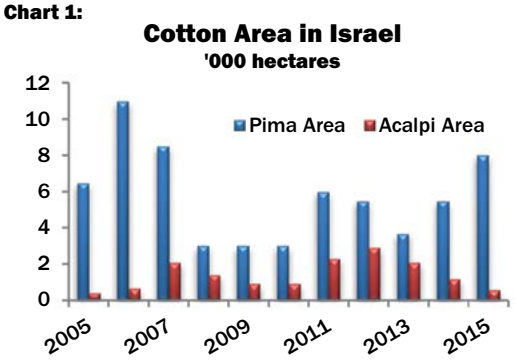
By Menahem Yogev,
Israel Cotton Board Ltd.

The Israel Cotton Board (ICB) is in charge of all cotton grown in Israel. The company coordinates all operations needed for cotton growers, such as seed production, ginning, bale traceability etc., and is responsible for classing and marketing of the cotton.

Cotton area in Israel is relatively small, however only ELS cotton is produced. Plots devoted to cotton range in size from 20-250 hectares. Farmers are very flexible in their ability to decide which crop to plant, hence the mixture of crops in fields usually varies from year to year, and total cotton area also fluctuates (chart 1). A 'master plan' for the coming year is discussed in the September – November period, and the cotton prices ruling at that time play a major role in making up farmers' minds about what to plant. Under such circumstances, the ICB is obligated to maintain the required infrastructure at all times.

Pima lint yield between 1985 and 2013 increased from 1,300 kg to 2,000 kgs/hectare - a gain of more than 50% (chart 2). This achievement comes from superior varieties produced by the Israel Seed Company, together with continuous improvement in growing practices: water use (drip irrigation, recycled water), precise fertiliser applications and plant growth control methods.

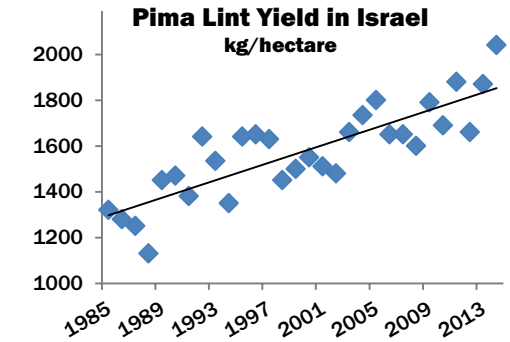
Chart 1:



Round Modules

During 2011, the first new John Deere Baling Pickers started operating in Israel's cotton fields. The results were excellent in the aspects of much less cotton waste, reduced picking cost and easier handling.

Chart 2:

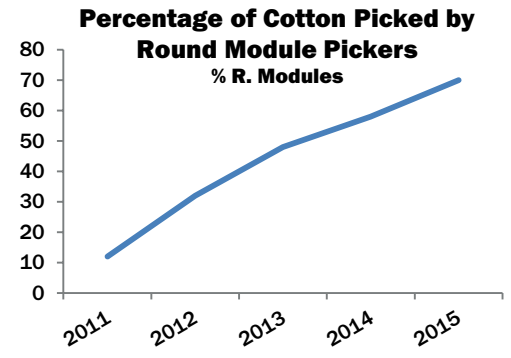


As a result, more and more pickers have been purchased, increasing the proportion harvested by this procedure from 11% in 2011 to an expected 70% in the current season (chart 3).

One problem that showed up was high moisture accumulation at the perimeter of the round module. Our initial assumption was that the moisture and rot inside the round module was caused by: high humidity during picking, rain penetration, wrong defoliation, moisture at storage areas, torn wraps etc. Hence, we prepared a protocol for round module handling. The protocol starts with better preparation in the field, by verifying moisture in the morning before picking and

Picture 1: Round Module Storage

Chart 3:



frequently checking modules for moisture changes (picture 2). Using this protocol, together with a very high regime of discipline by farmers, no moisture problems have been encountered during the past two years.

All cotton in Israel is machine picked, roller ginned, HVI tested and tested for stickiness.

As of 2015, the Israel Cotton Board (ICB) is a member of the "Better Cotton Initiative" (BCI) and the organization is presently in the process of becoming a BCI Partner, with all Israeli growers committed to the production of "Better Cotton", according to BCI principles and criteria.

The ICB is aiming to market certified "Better Cotton" in the very near future. Israel cotton is now exclusively and successfully marketed by *Otto*

Picture 2: Moisture Check of Round Module

Stadtlander GmbH, Germany and consumed by the best and leading spinning mills all over the world - in Europe as well as in the East, Far East and South America.

The Israel Cotton Board Ltd. continues to be acclaimed for its top quality cottons, highest standards of growing, eminent reliability of shipments and contractual performance, and has won and maintained an excellent reputation for a world class product and service.

Quality Parameters 2014-2015:

Variety	Length (HVI)	Micronaire	Strength (HVI)
Israel Pima ELS	37-38 mm	3.7-4.5	39-42 GPT
Israel Acalpi LS	34-36 mm	3.4-4.2	34-37 GPT

Greek Long Staple, Saw-Ginned Cotton

By John Psaropoulos, NICOT

More than a decade ago, a Greek spinning mill, consuming Egyptian long staple and extra-long staple cotton, decided to offer local producers a long staple seed variety. The mill's plan was to gin the resultant production at its own facility in Greece, so a roller gin unit was set up to do this. However, the marketing process did not go well and many farmers delivered their long staple seed cotton to other ginners that had only saw gin units. Result: **Greek long staple, saw-ginned cotton**.

The cotton variety in question is a hybrid derived from an equivalent Israeli cotton variety, traded in Greece by the Hazera Company, under the brand names Intercot 211 and Intercot 701.

Cultivation in Greece has remained constant during the past three years. All the long staple cotton production is saw-ginned, rather than roller-ginned, as is the case with other LS and ELS origins.

The area planted to long staple cotton in 2014/15 was about 1,200 hectares and the lint production was estimated at about 1,300 tonnes. For the coming season 2015/16, the planted area is expected to increase by 300 hectares to 1,500 hectares and this should produce approximately 1,500 tonnes of lint.

Farmers do not see higher yields, especially as the varieties require more days of growth than the customary medium staple varieties. Since our weather conditions do not allow this, yields are lower and the cost of production is higher. At the gin also, the outturn is smaller than that obtained from medium staple varieties, as the "saws" play their own role in production. Therefore, there has been little if any price advantage, either for the farmer or for the gin from its production so far. Hopefully, returns will improve in the near future.

The quality is usually a Light spot/spotted grade and its character is usually a 32-33 mm staple, strength 36-37 gpt and Micronaire 3.7/4.3. The quality specifications are broadly similar to those of Egyptian Giza 86. However, due to the saw gin process, one major difference is that the presence of neps and short fibres is higher. Exceptionally last season (2014/15), the staple was even longer, at 34-35 mm, inviting comparisons with a Giza 88 cotton.

Domestic consumption is negligible, so almost all of this cotton is exported. The main destination is Pakistan, where mills apparently blend it with other long staple origins for specific yarn counts. Other destinations are Turkey, Japan and Egypt.

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Bangladesh: The Future Destination for Quality Cotton and ELS

By Mr. Abdul Wadud,
Chief Operating Officer,
VIYELLATEX Spinning Limited,
VIYELLATEX Group, Bangladesh

The garment business started in Bangladesh in the 1980s, as a result of the political situation in Sri Lanka and the Middle East crisis, backed by innovative financing called "Back to Back LC" by the late Nurul Qadir of Desh Garments. Initially, the garment business started with imported fabric. The knit sector has gradually become vertically integrated, while the woven sector is still dependent on imported fabric. Some unexpected incidents in recent times have made the industry as a whole more compliant and an attractive location to source garments vis-à-vis competing countries.

Type	Staple	2010	2011	2012	2013	2014	2015	%
Grade		(Jan-Dec)	(Jan-Dec)	(Jan-Dec)	(Jan-Dec)	(Jan-Dec)	(Jan-May)	2010-15
MID	1.3/32"	7.64%	7.41%	5.06%	3.42%	2.57%	3.28%	5.13%
MID-SM	1.3/32"-1.1/8"	41.93%	41.43%	32.92%	25.01%	33.41%	34.30%	35.06%
SM	1.1/8"	43.72%	40.95%	54.22%	61.34%	55.98%	59.35%	51.83%
SM+ELS	1.1/8"-1.7/16"	4.60%	8.01%	5.71%	8.48%	7.07%	2.35%	6.25%
ELS	1.3/8"-1.7/16"	2.11%	2.20%	2.10%	1.74%	0.96%	0.72%	1.74%
TOTAL		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Intradeco/Arencot, Bangladesh

The spinning sector in Bangladesh has reached a mature stage and provides about 70% of the requirement of the readymade garments industries. To feed the spinning industry in Bangladesh annually, about 3 million bales of cotton are imported through Chittagong and about 2 million bales more through land ports. With the right focus, if our entrepreneurs have the support of power, finance, infrastructure and a stable political environment, then readymade garment exports could double and reach a value of US$50 billion by 2021. This would bring an opportunity to import 9 million bales of cotton per annum, considering that a part of the incremental demand for yarn would be cotton and sourced from local spinning mills. A visualization of the composition of cotton that is likely to be imported in 2021 is presented in the discussion below.

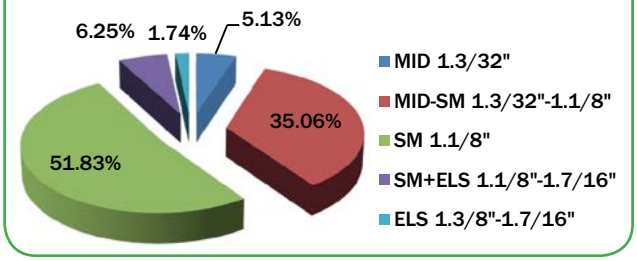
As a starting point, we have taken import data for cotton that has been imported in Bangladesh through Chittagong port, from January 2010 to May 2015. Notable observations are:-

- Top three origins are Uzbek (28.35%), Indian (27.97%) and Turkmen (9.62%).
- Major three categories of demand are for SM 1-1/8" (51.83%), Middling/SM 1-3/32" to 1-1/8" (35.06%) and GM/SM 1-1/8"+ (6.25%).
- Origins that have sustained or increased their share are Uzbekistan, India, Turkmenistan, Brazil, Benin, Burkina Faso, Ivory Coast, Mali, Senegal, Tajikistan, Spain and Cameroon. Origins that have lost share are Syria, Argentina, Pakistan, Sudan, USA and Australia.
- LS/ELS demand was only 0.72% so far in 2015 while the average from January 2010 to May 2015 was 1.74%.

Aggregate demand for Middling 1-3/32" cotton has decreased to 3.28% from 7.64% and Middling/SM 1-3/32"-1-1/8" to 34.30% from 41.93%. Demand for SM 1-1/8" cotton has increased to 59.35% from 43.72%. It is the main stream of demand and the proportion is growing.

Based on the notes above, we can understand that Bangladeshi spinners are gradually sourcing higher grade (SM) cotton with 1-1/8" and longer staple, understanding the value for quality and also able to make selections that give value for money. Furthermore, demand for sustainably grown cotton is increasing. From a different angle, the average count produced by Bangladeshi spinners is now close to Ne 30s compared with around Ne 28s during 2010.

Cotton imports through Chittagong port 2010-2015



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Raw Cotton Imported Bangladesh (During January 2010 To May 2015)

Origin/ Growth	Type Grade	Staple	2010 (Jan-Dec)	2011 (Jan-Dec)	2012 (Jan-Dec)	2013 (Jan-Dec)	2014 (Jan-Dec)	2015 (Jan-May)	Total Bales	Percent
Angola	MID	1.3/32"	0	554	0	0	0	0	554	0.00%
Nigerian	MID	1.3/32"	25,520	12,088	14,019	11,256	8,059	1,411	72,353	0.44%
Syrian	MID	1.3/32"	99,222	1,000	0	0	0	0	100,222	0.61%
Tanzania	MID	1.3/32"	18,404	1,865	25,298	13,384	13,787	724	73,462	0.44%
Turkey	MID	1.3/32"	0	215	2,825	0	0	0	3,040	0.02%
USA M/E	MID	1.3/32"	105,145	113,801	45,920	62,349	19,688	8,792	355,695	2.15%
Brazil	MIDD	1.3/32"	54,080	45,630	60,964	15,590	34,842	32,600	243,706	1.47%
Sub-Total			**302,371**	**175,153**	**149,026**	**102,579**	**76,376**	**43,527**	**849,032**	**5.13%**
Argentina	MID-SM	1.3/32"-1.1/8"	113,671	2,735	2,584	0	4,645	1,436	125,071	0.76%
Indian	MID-SM	1.3/32"-1.1/8"	1,281,187	702,531	779,231	622,525	834,203	410,999	4,630,676	27.97%
Pakistan	MID-SM	1.3/32"-1.1/8"	134,696	104,584	155,827	81,988	74,670	29,346	581,111	3.51%
Usa Raw	MID-SM	1.3/32"-1.1/8"	130,837	169,646	31,530	45,375	77,483	13,009	467,880	2.83%
Sub-Total			**1,660,391**	**979,496**	**969,172**	**749,888**	**991,001**	**454,790**	**5,804,738**	**35.06%**
Benin	SM	1.1/8"	5,910	0	11,386	47,345	38,924	18,558	122,123	0.74%
Burkina Faso	SM	1.1/8"	65,723	14,723	17,516	51,499	111,952	31,851	293,264	1.77%
Ghana	SM	1.1/8"	0	0	5,450	1,260	0	0	6,710	0.04%
Greek	SM	1.1/8"	0	1,706	1,986	658	881	1,489	6,720	0.04%
Ivory Coast	SM	1.1/8"	10,752	870	6,649	28,077	58,784	26,005	131,137	0.79%
Malawi	SM	1.1/8"	12,096	4,125	2,548	6,478	7,244	2,209	34,700	0.21%
Mali	SM	1.1/8"	60,711	29,857	70,753	67,685	100,682	61,337	391,025	2.36%
Mexico	SM	1.1/8"	0	5,133	1,542	0	237	0	6,912	0.04%
Mombasa	SM	1.1/8"	0	0	460	0	0	0	460	0.00%
Mozambique	SM	1.1/8"	4,237	9,167	7,687	13,690	6,286	3,604	44,671	0.27%
Paraguay	SM	1.1/8"	980	0	0	2301	0	0	3,281	0.02%
Senegal	SM	1.1/8"	1860	0	0	8830	8802	5416	24,908	0.15%
Tadjik	SM	1.1/8"	41,331	39,348	139,390	167,767	106,834	51,306	545,976	3.30%
Togo	SM	1.1/8"	0	1102	6518	22144	16249	2268	48,281	0.29%
Turkmen	SM	1.1/8"	296,755	91,356	356,200	267,604	398,322	183,429	1,593,666	9.62%
Uzbek	SM	1.1/8"	1,104,538	692,566	816,458	972,795	720,584	386,701	4,693,642	28.35%
Zambia	SM	1.1/8"	62129	15906	37615	96173	50680	4240	266,743	1.61%
Zimbabwe	SM	1.1/8"	64,153	62,364	114,110	84,489	34,016	8,438	367,570	2.22%
Sub-Total			**1,731,175**	**968,223**	**1,596,268**	**1,838,795**	**1,660,477**	**786,851**	**8,581,789**	**51.83%**
Kazak	SM+ELS	1.1/8"-1.7/16"	8,757	13,814	9,197	42,362	22,992	0	97,122	0.59%
Kyrgyzstan	SM+ELS	1.1/8"-1.7/16"		0	968	0	500	0	1,468	0.01%
Spain	SM-ELS	1.1/8"-1.7/16"	0	4,809	5,929	15,641	31,796	17,493	75,668	0.46%
Uganda	SM-ELS	1.1/8"-1.7/16"	16,851	28,926	32,401	7,294	0	800	86,272	0.52%
Australia	SM-GM	1.1/8"-1.5/32"	117,703	113,536	107,701	135,796	84,349	865	559,950	3.38%
Cameroon	SM-GM	1.1/8"-1.5/32"	22,258	15,846	1,156	23,939	43,010	10,662	116,871	0.71%
Chad	SM-GM	1.1/8"-1.5/32"	16,473	12,380	10,708	29,253	27,108	1,356	97,278	0.59%
Sub-Total			**182,042**	**189,311**	**168,060**	**254,285**	**209,755**	**31,176**	**1,034,629**	**6.25%**
Chinese	ELS	1.3/8"-1.7/16"	271	75	27	0	157	77	607	0.00%
Egyptian	ELS	1.3/8"-1.7/16"	5,584	4,132	22,497	10,402	2,620	490	45,725	0.28%
Sudan	ELS	1.3/8"-1.7/16"	27,378	2,589	2,962	11,465	1,686	406	46,486	0.28%
Tadjik	ELS	1.3/8"-1.7/16"	6,369	1,764	960	2,417	0	0	11,510	0.07%
Turkmen	ELS	1.3/8"-1.7/16"	29,954	39,812	26,878	20,875	19,351	7,988	144,858	0.87%
USA Pima	ELS	1.3/8"-1.7/16"	2,729	3,227	7,309	6,353	4,225	523	24,366	0.15%
Uzbek (CIS)	ELS	1.3/8"-1.7/16"	10,665	447	1,095	754	500	0	13,461	0.08%
Yemen	ELS	1.3/8"-1.7/16"	758	0	0	0	0	0	758	0.00%
Sub-Total			**83,708**	**52,046**	**61,728**	**52,266**	**28,539**	**9,484**	**287,771**	**1.74%**
Total			**3,959,687**	**2,364,229**	**2,944,254**	**2,997,813**	**2,966,148**	**1,325,828**	**16,557,959**	**100.00%**
			3,379,512	2,398,265	2,772,803	2,856,552	2,794,194	1,241,184	15,442,510	

Total Imports From Jan'10 - May'15 = 16,557,959 Bales (1 Bale = 375-500 lbs)
Total Imports From Jan'10 - May'15 = 15,442,510 Bales (1 Bale = 480 lbs)
Source: Intradeco/Arencot, Bangladesh

Average count has the potential of rising to Ne 34s by 2021. As a result, the requirement for high grade cotton will increase in the future.

Another aspect that needs to be mentioned concerns the cotton required for rotor yarn. Import data through Chittagong show no category that is focused on rotor: a majority of fibre suitable for this purpose is either sourced through land ports or rotor yarn is being made from cotton rejected from the ring line and from mixing waste from the ring process. Expansion of the denim sector, and competition for suitable raw cotton supplies would surely make it sensible to source the cotton required separately (1-1/16" low grade cotton), which would be around 10%.

The requirement for LS and ELS cotton historically has been around 2% of total imports per annum. This low proportion is attributable to comparatively high prices for such cottons imported through Chittagong, the movement of cotton through land ports and the substitution of cotton by man-made fibres, notably those made from regenerated cellulose, to produce fine count, woven yarn. Also, most woven fabrics, except denim, are imported by the manufacturers of woven garments. Having said that, the potential of LS and ELS exists for the knit market, where Bangladeshi spinners and garment manufacturers enjoy world class, compliant facilities. Demand for yarn made from LS and ELS is thus expected to rise over the next five years; some vertically-integrated mills are focused on the value added market/brands.

In summary, we can say that Bangladeshi spinners will be focused more on meeting the needs of value-added customers, by designing and producing innovative products that are sustainable economically, socially and environmentally. LS/ELS and quality sustainable cotton products could be one of the main areas that look to have a bright future in the Bangladesh market.


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