



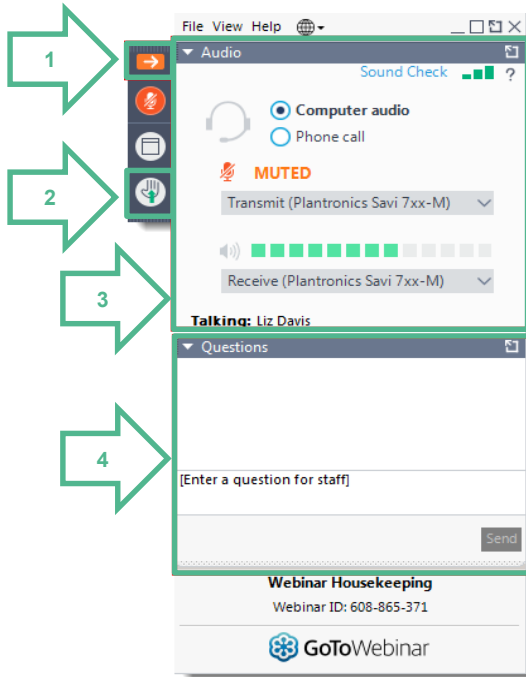
# Cotton Outlook Series: Cotton Market Today

02 September 2020

---

# How to engage on the webinar

## Asking Questions and Making Comments



### Control Panel

1. The attendee control panel will collapse automatically when not in use. To keep it open, click the “View” menu and uncheck “Auto-hide Control Panel”. Otherwise, open and close the control panel using the orange arrow.
2. Raise your hand to be unmuted for verbal questions.
3. Select audio options depending on how you are joining the webinar.
4. Submit text questions/comments using the “Questions” panel.

**Note:** The presentation will be recorded.

# Anti-trust policy

The following topics are not to be discussed

- Prices
- Market share
- Customer allocation
- Anything that could be construed as limiting competition

# Poll

# GUEST SPEAKERS



Kai Hughes

*Executive Director,*  
International Cotton Advisory Committee  
**(ICAC)**

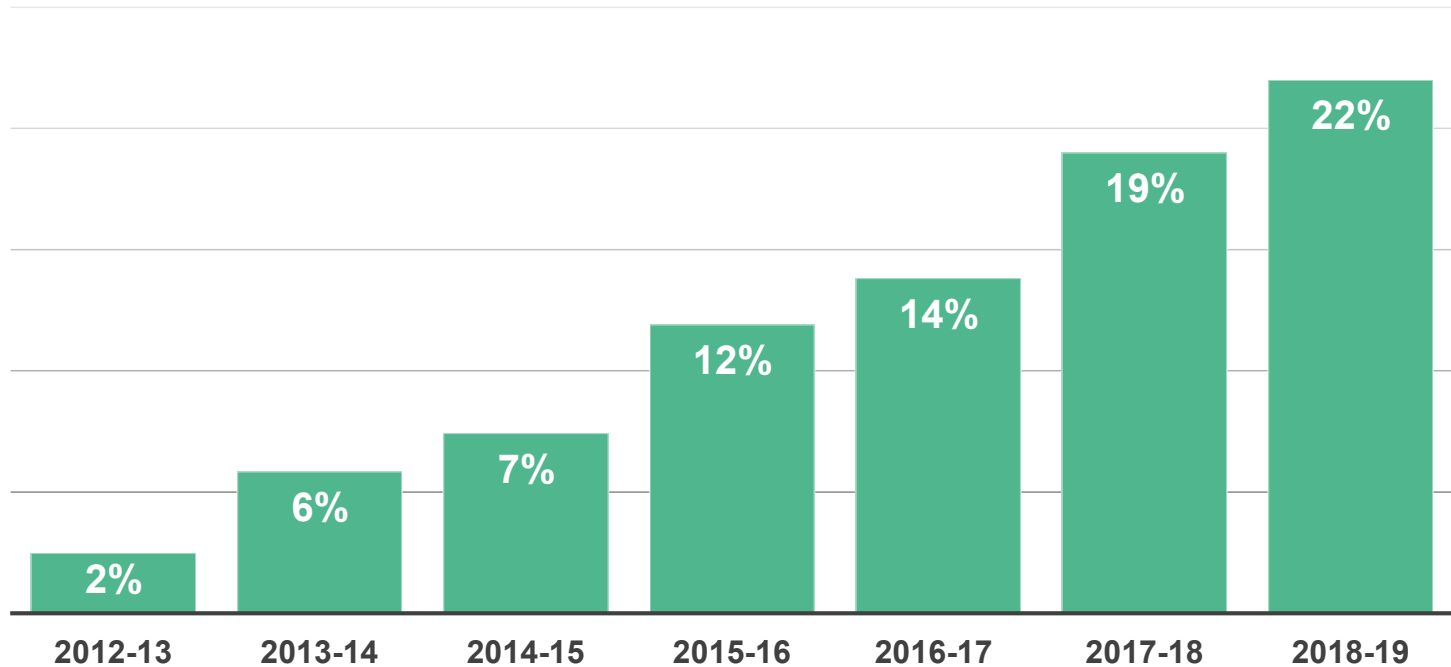


Marcelo Duarte

*International Affairs Director,*  
Brazilian Cotton Growers Association  
**(ABRAPA)**

# BETTER COTTON GROWTH

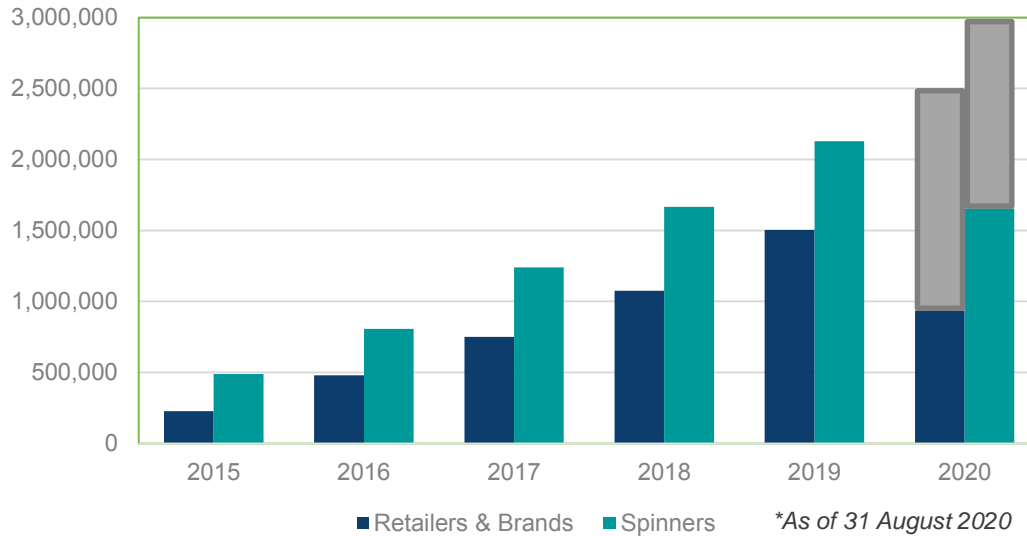
% OF GLOBAL PRODUCTION



# 2015 - 2020 BETTER COTTON UPTAKE

Spinner vs. Retailer & Brand uptake (MT)

Spinner vs Retailer & Brand uptake (MT)



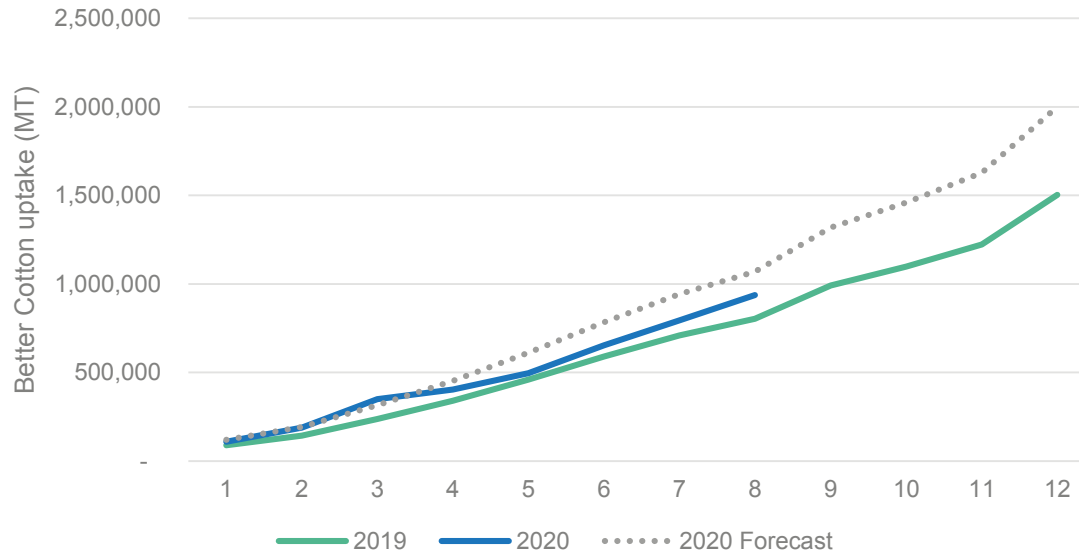
2020 Spinner uptake Goal:  
**3,000,000 MT**

2020 RB uptake Goal:  
**2,000,000 MT**



# 2020 RETAILER & BRAND (RB) UPTAKE

CUMULATIVE RETAILER & BRAND MEMBER UPTAKE (MT) IN 2020



RB uptake by 31 August 2020:  
**936,000 MT**

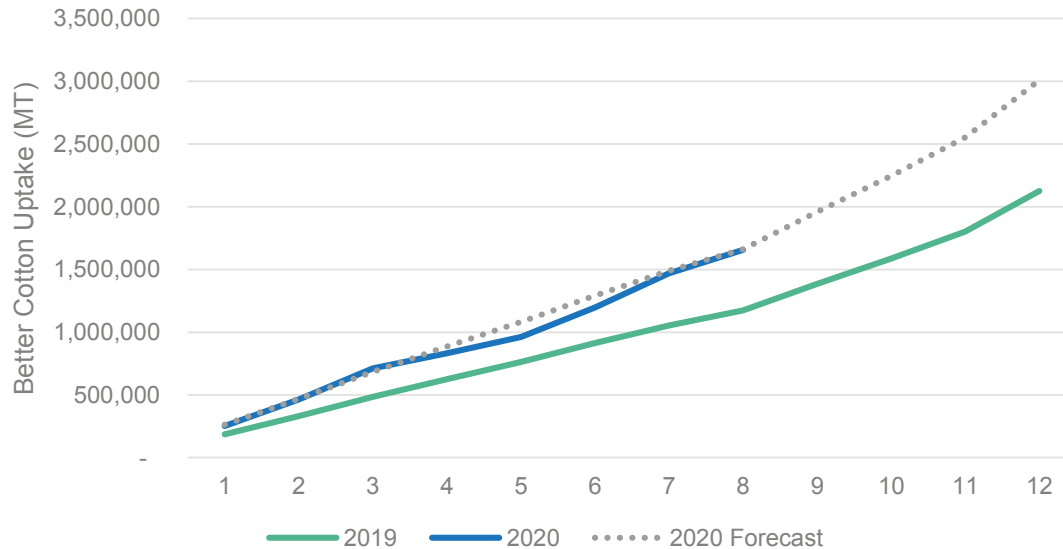
2019 RB uptake:  
**1.5 million MT**

2018 RB uptake:  
**1.1 million MT**



# 2020 SPINNER UPTAKE

## CUMULATIVE SPINNER UPTAKE (MT) IN 2020



Mill uptake by 31 August 2020:  
**1.65 million MT**

2019 Mill uptake:  
**2.1 million MT**

2018 RB uptake:  
**1.7 million MT**

# Cotton Market Today

Kai Hughes

Executive Director

International Cotton Advisory Committee




International Cotton  
Advisory Committee



# The Recorder – Special issue Cotton Connects – LinkedIn Country Zoom Meetings Cotton This Month



International Cotton  
Advisory Committee



**Special Issue**  
**POTENTIAL IMPACTS OF  
COVID-19  
ON THE COTTON SECTOR**

| Sl. No. | CONTENTS  | Page |
|---------|---|------|
|         | Editorial   | 3    |
| 1       | Impact of Covid-19 on Commodity Prices, Textile & Apparel Trade, Retail Sales & Other Factors | 4    |
| 2       | Can Cotton Survive the Great Lockdown?  | 18   |
| 3       | The Impact of COVID-19 on the Global Textile Industry   | 23   |
| 4       | COVID-19 Shakes the Ties that Bind the Supply Chain   | 26   |
| 5       | Potential Impact of COVID-19 on the Cotton Sector in Major Cotton Producing Countries         | 40   |
| 6       | Impact of COVID-19 on the Cotton Sector in Latin America and the Caribbean                    | 39   |
| 7       | Potential Impacts of COVID-19 on African Cotton Sectors                                       | 45   |
| 8       | Possible Impact of COVID-19 on the Global Cotton Sector                                       | 49   |
| 9       | COVID-19 Impacts on Africa and Global Cotton  | 51   |
| 10      | COVID-19 and the Indian Cotton Industry: Impact Analysis and Revival Strategies               | 53   |
| 11      | COVID-19 Impact on Indian Cotton  | 60   |
| 12      | Possible Impact of COVID-19 Pandemic on Cotton Cultivation in North India                     | 65   |
| 13      | Challenges to Cotton Value Chain during COVID-19  | 66   |
| 14      | Possible Impact of COVID-19 on Bangladesh   | 68   |
| 15      | Effect of the COVID-19 Pandemic on Brazilian Cotton Sector                                    | 71   |
| 16      | Argentina: COVID-19 & Cotton Situation in 2019-20   | 76   |
| 17      | Impact of COVID-19 on Cotton Textile Sector in Egypt  | 79   |
| 18      | COVID-19 and Cotton in Sudan  | 83   |
| 19      | Possible Impact of COVID-19 on the Global Cotton Sector: The Kenyan Perspective               | 83   |
| 20      | Possible Impacts of the COVID-19 Pandemic on the South African Cotton Sector                  | 86   |
| 21      | Impact of COVID-19 on Cotton Production in Mozambique   | 88   |
| 22      | Potential Effects of COVID-19 on the Cotton Sector: A General Perspective                     | 90   |
| 23      | The Role of Cotton in Face Masks  | 92   |

# World Cotton Production

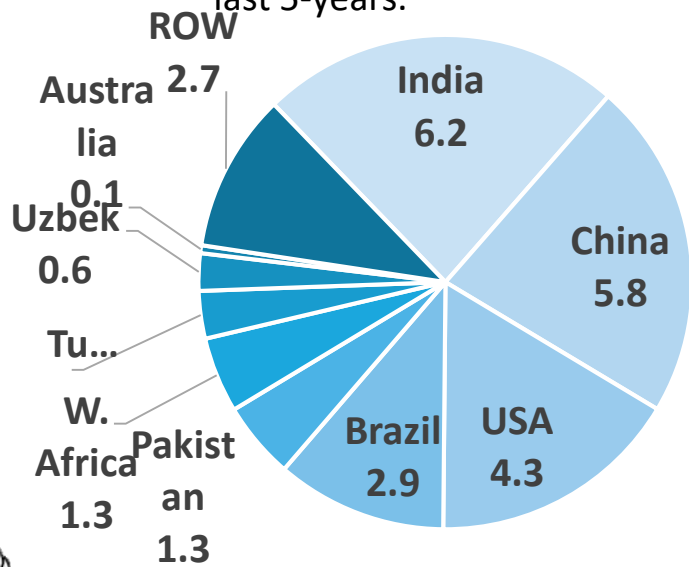
Million Tonnes

2019/20



**26.2 MT**

1.8% higher than the previous season  
& the second-largest production in the  
last 5-years.

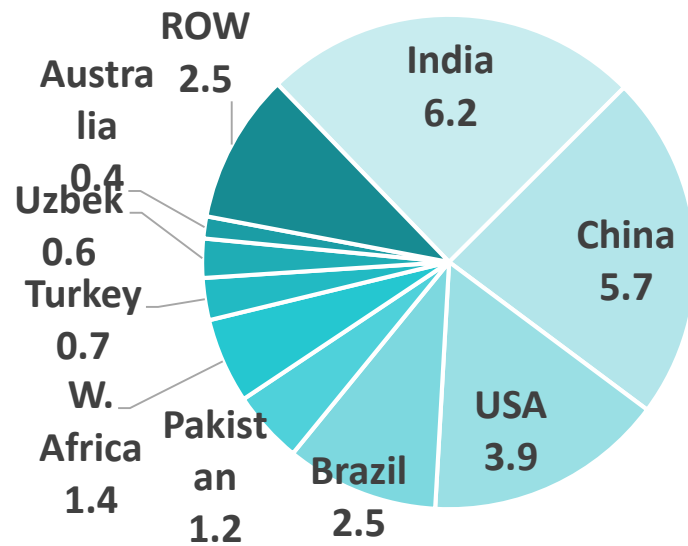


2020/21



**25.1 MT**

-4.2% lower than the previous season  
— The lowest production since 16/17.



# World Cotton Demand

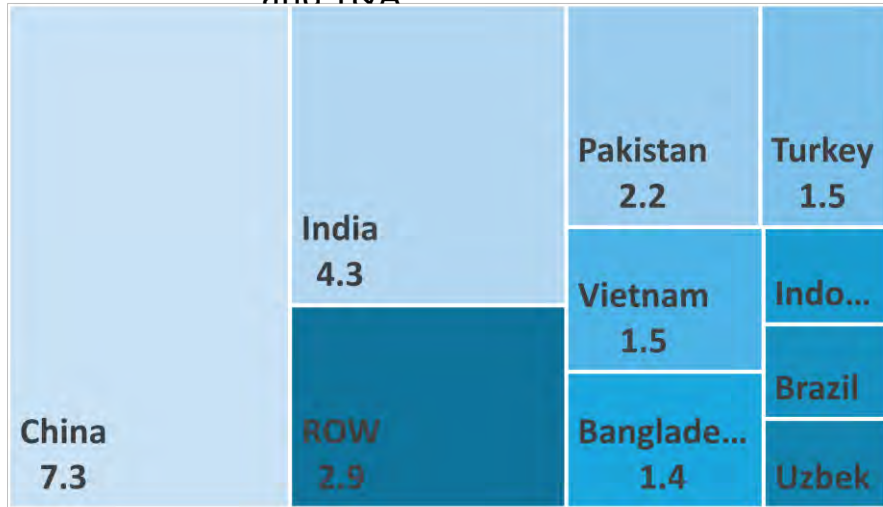
Million Tonnes

2019/20



**22.7 MT**

-12.7% vs 2018/19. The pandemic had a negative impact in the global economy and the demand for cotton and T&A

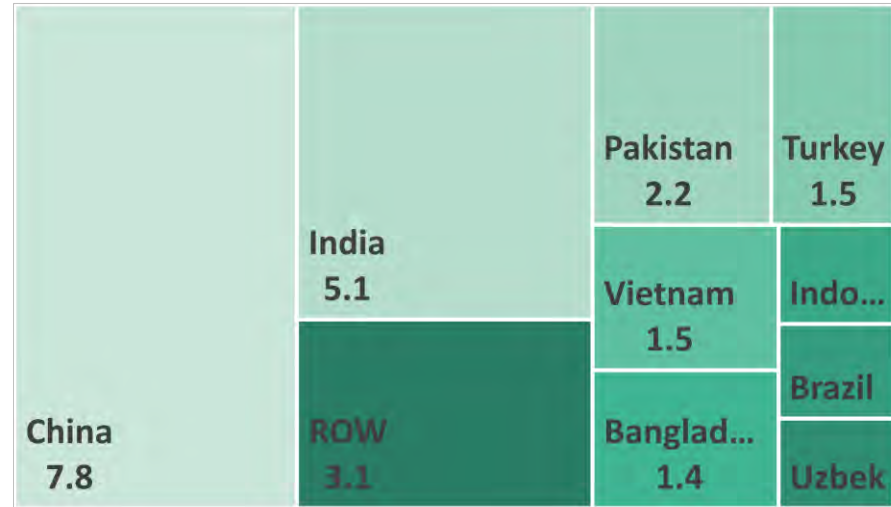


2020/21



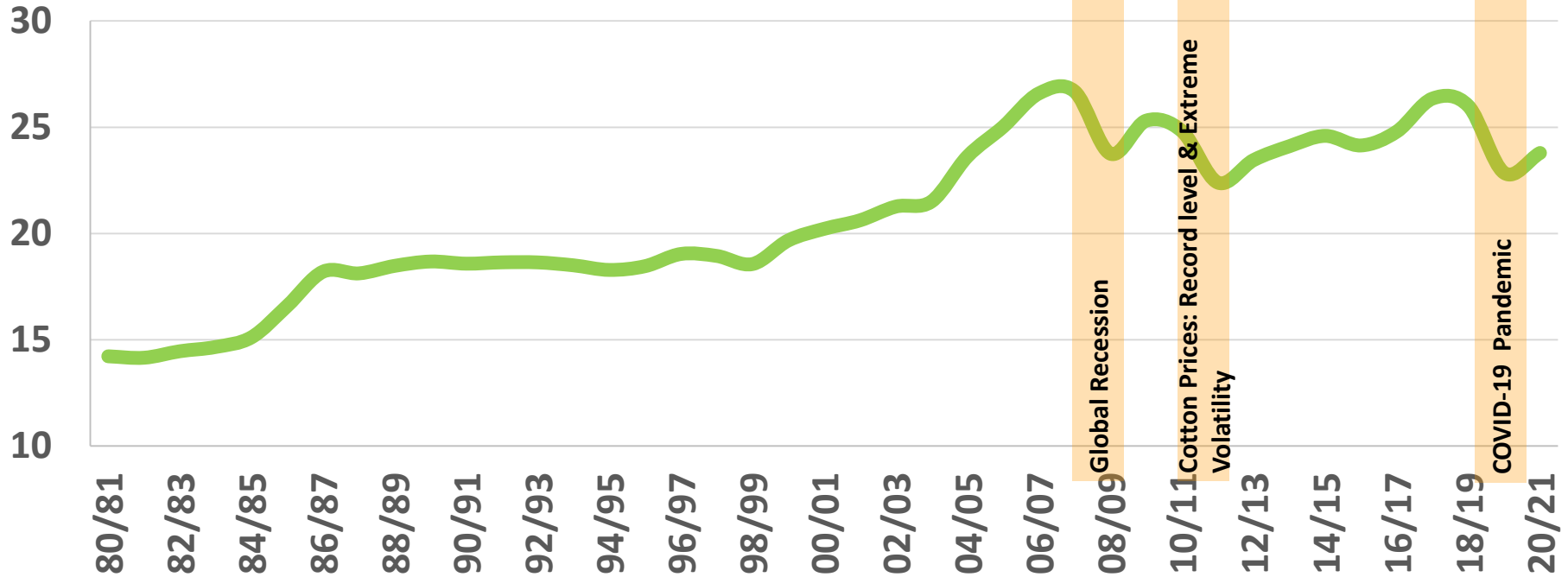
**24.3 MT**

7.2% depending on economic growth and end-use demand increases.



# World Cotton Demand in Perspective

Million Tonnes



# World Cotton Trade

Million Tonnes



| Major Exporters |   | 2019/20 | % Share |
|-----------------|---|---------|---------|
| USA             | ↑ | 3.35    | 38%     |
| BRAZIL          | ↑ | 1.98    | 22%     |
| WEST AFRICA     | ↓ | 0.97    | 11%     |
| INDIA           | ↓ | 0.65    | 7%      |
| AUSTRALIA       | ↓ | 0.23    | 3%      |

| Major Importers |   | 2019/20 | % Share |
|-----------------|---|---------|---------|
| CHINA           | ↓ | 1.75    | 20%     |
| VIETNAM         | ↓ | 1.46    | 17%     |
| BANGLADESH      | ↓ | 1.37    | 16%     |
| TURKEY          | ↑ | 0.90    | 10%     |
| INDONESIA       | ↓ | 0.63    | 7%      |





# World Cotton Ending Stocks Remain High

Million Tonnes

2019/20



**22.0 MT**

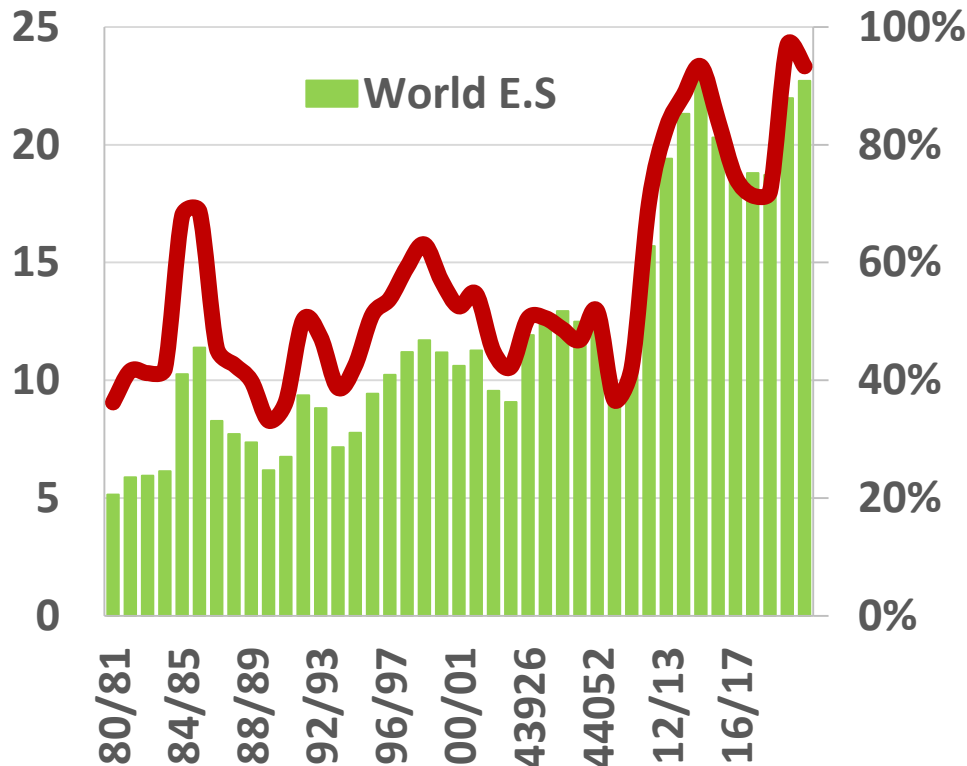
17% higher than in 18/19 & the highest level since 2014/15

2020/21



**22.7 MT**

3% increase forecast. Stocks outside China would rise to 13.7 MT, while stocks in China would decrease by 2% to nearly 9.0 MT.



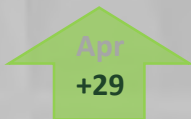
# International Cotton Prices Fell and Will Continue Under Pressure: Trade Disputes, Global Health Crises, Weak Economic Growth, Weak Consumer Demand, High Ending Stocks



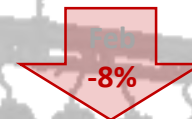
# Effects of COVID-19 in the Textile and Apparel Trade\*

MoM Growth

## LARGEST IMPORTERS



## LARGEST EXPORTERS



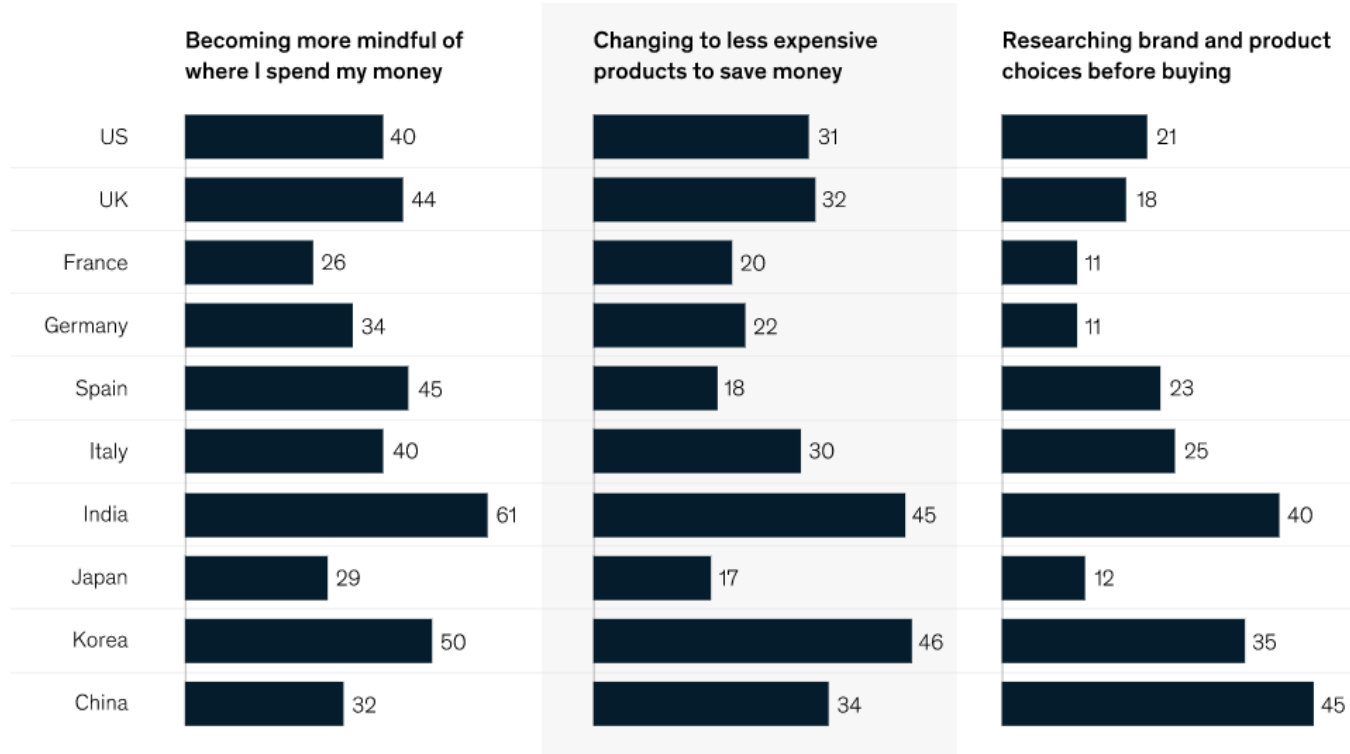
[www.icac.org](http://www.icac.org)

Source: ITC.

\*Trade information for Bangladesh includes only Apparel data. For China, the US, the EU, Japan and Vietnam trade data include both T&A values.

# Change in Shopping Mindset since COVID-19

% of respondents who answered that they are doing more since COVID-19 started



# US Consumer Sentiment during the Coronavirus Crisis

## Shift to Value and Essentials



**Most** Americans believe that economic recovery will take more than six months



**~70%** of Americans believe COVID-19's impact on their personal routines will last more than another four months; approximately half believe it will last more than six months



**More than one-third** of Americans have seen a decline in their income, savings, and spending in the last two weeks



**~40%** of Americans are looking to save money while shopping



**Most** categories have a negative net spending intent, with the exception of groceries, snacks, household supplies and entertainment



# Chain Impact on Cotton Value Chain

## COVID-19 OUTBREAK

- Lockdown measures.
- Social distancing measures.

## INDUSTRY LEVEL

- Retail clothing stores were closed.
- Textile and apparel factories were closed or working at significantly
- Cancellation and delay in order shipments.

## FARM LEVEL

- Increased unanticipated farm level

## OUTCOMES

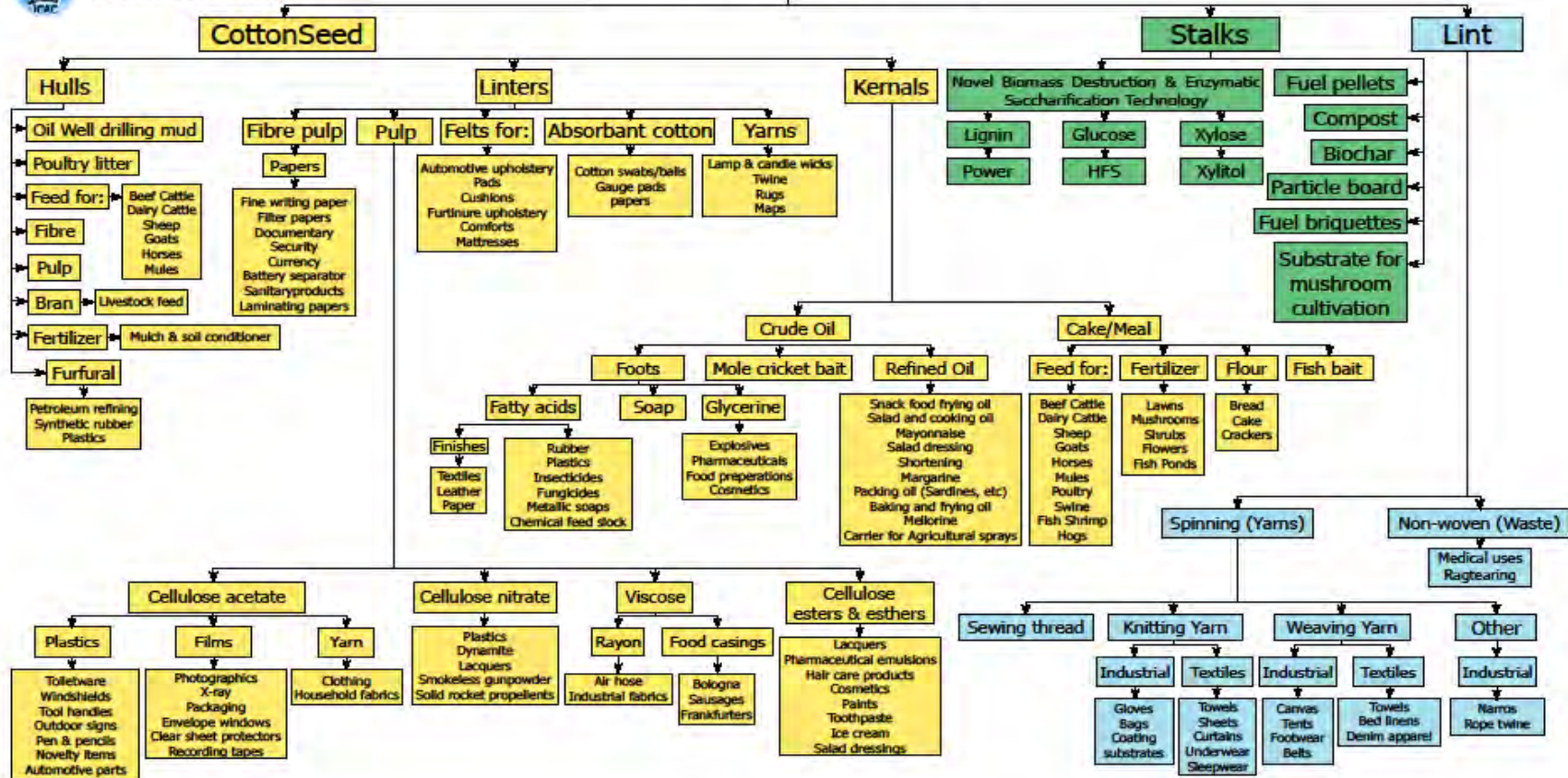
- Cancellation of some contracts.
- Re negotiation on prices for the existing contracts.
- Reduced uptake of cotton for the current period, possible reduced sowing for next coming seasons.







# The Cotton Plant





# R&D and Innovation: Medical Products



[www.icac.org](http://www.icac.org)

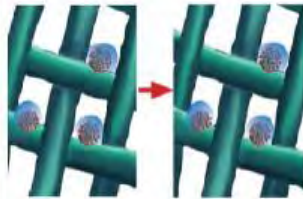
Images: Taiwan Cotton Connect Videos for the ICAC

**Medical Experts: If 95% of people wear cloth masks when within 6 feet of other people in public, it will reduce COVID-19 transmission by at least 30%**

## The Role of Cotton in Face Masks

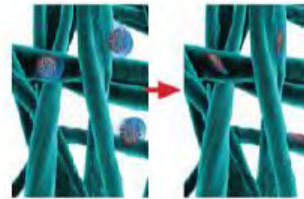


### POLYESTER FABRIC



Schematic diagram to show how virion-aerosol droplets remain on the hydrophobic fibres and survive.

### COTTON FABRIC



Schematic diagram to show how virion-aerosol droplets are absorbed and the virions desiccate and dry.

### We Have the Proof:

**Cotton is the best fibre for protecting against Covid-19**



[www.icac.org](http://www.icac.org)

**Thank You**

**Any Questions?**



**BCI's Cotton Outlook Series: Cotton Market Today**

**Brazilian Cotton Sector Responses  
to Covid-19**



# Abrapa: Brazilian Cotton Growers Association

Who we are



**10 state**

member associations



**2.9 mm tons**

Production (4th largest)



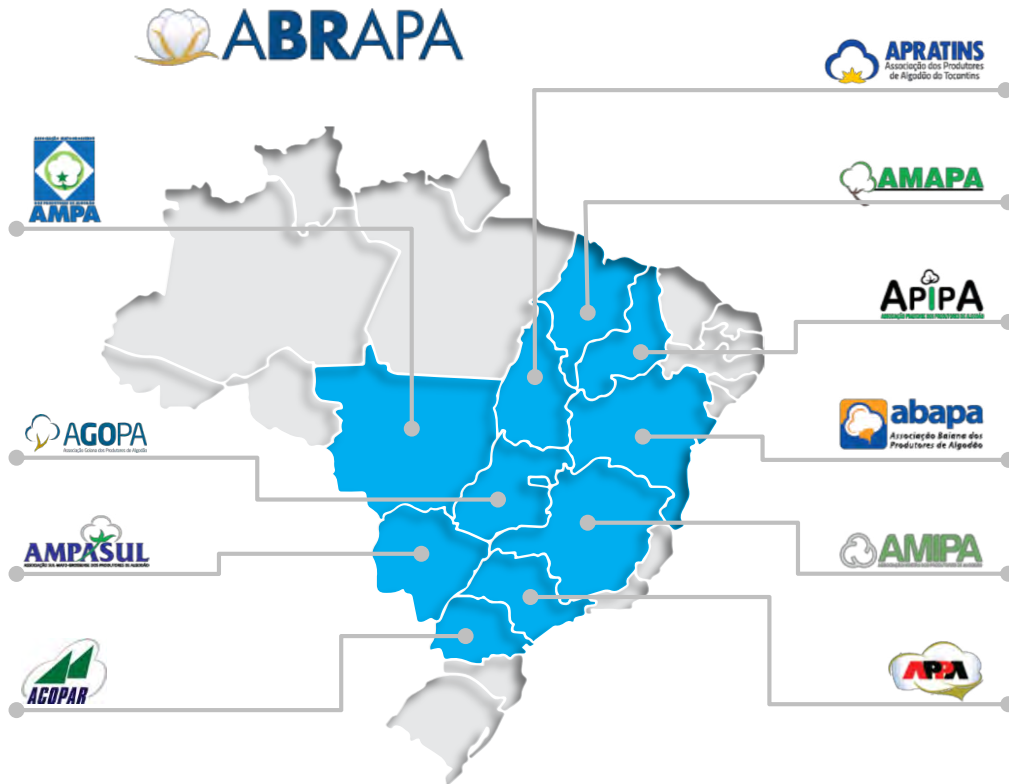
**1.9 mm tons**

Exports (2nd largest)



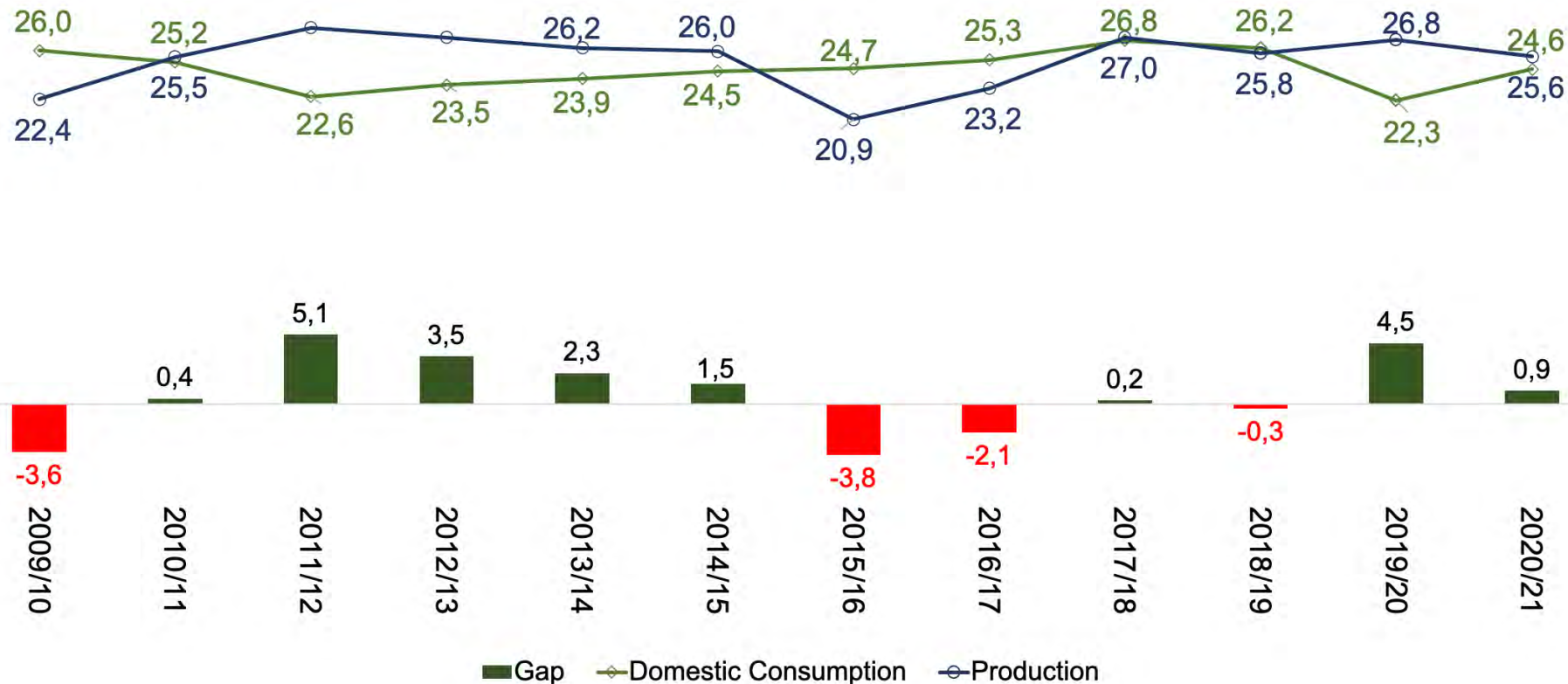
**2.2 mm tons**

BCI Cotton (1st / 36% of the world)



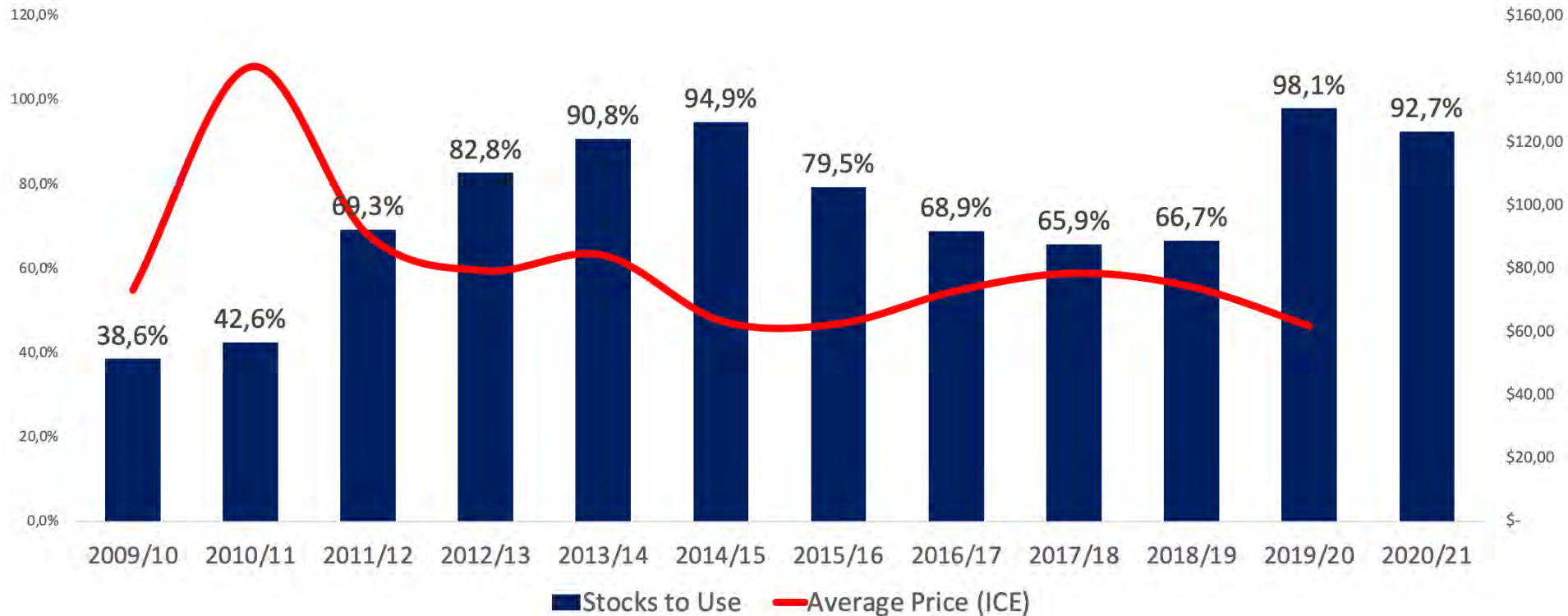
# World Cotton Supply and Demand

Massive drop in demand in recent months caused by COVID-19



# World Cotton Stocks-to-Use Ratio

World stocks at historic highs





# Supply and Demand - Brazil

Million Tons



## BRAZIL - Cotton Supply and Demand

| thousand tonnes       | 2017/18      | 2018/19      | 2019/20      | 2020/21      | 2021/22      |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Beginning Stocks      | 270          | 169          | 108          | 422          | 703          |
| Production            | 1.530        | 2.006        | 2.779        | 2.930        | 2.625        |
| Imports               | 18           | 4            | 1            | 1            | 1            |
| <b>Total Suply</b>    | <b>1.817</b> | <b>2.178</b> | <b>2.888</b> | <b>3.353</b> | <b>3.329</b> |
| Domestic Consumption  | 740          | 760          | 520          | <b>600</b>   | <b>700</b>   |
| Exports               | 909          | 1.310        | 1.946        | <b>2.050</b> | <b>2.100</b> |
| <b>Total Demand</b>   | <b>1.649</b> | <b>2.070</b> | <b>2.466</b> | <b>2.650</b> | <b>2.800</b> |
| Ending Stocks         | 169          | 108          | 422          | 703          | 529          |
| Stocks-to-Usage Ratio | 10%          | 5%           | 17%          | 27%          | 19%          |

Sources: Conab, MDIC, ABIT, Agroconsult

\* Considers crop production of the previous year

1- Prioritizing  
Health and  
Safety of  
Farmers and  
Employees

2 – Reducing  
Risks and  
Costs of  
Production

3 – Improving  
Supply Chain  
Efficiency

4 – Focusing  
More on Quality  
and  
Sustainability

5 – Domestic  
and  
International  
Promotion

# Brazilian Cotton Sector Responses to Covid-19



1- Prioritizing  
Health and  
Safety of  
Farmers and  
Employees

2 – Reducing  
Risks and  
Costs of  
Production

3 – Improving  
Supply Chain  
Efficiency

4 – Focusing  
More on Quality  
and  
Sustainability

5 – Domestic  
and  
International  
Promotion

# 1- Prioritizing Health and Safety of Farmers and Employees





# Brazilian Cotton Sector Responses to Covid-19



1- Prioritizing  
Health and  
Safety of  
Farmers and  
Employees

2 – Reducing  
Risks and  
Costs of  
Production

3 – Improving  
Supply Chain  
Efficiency

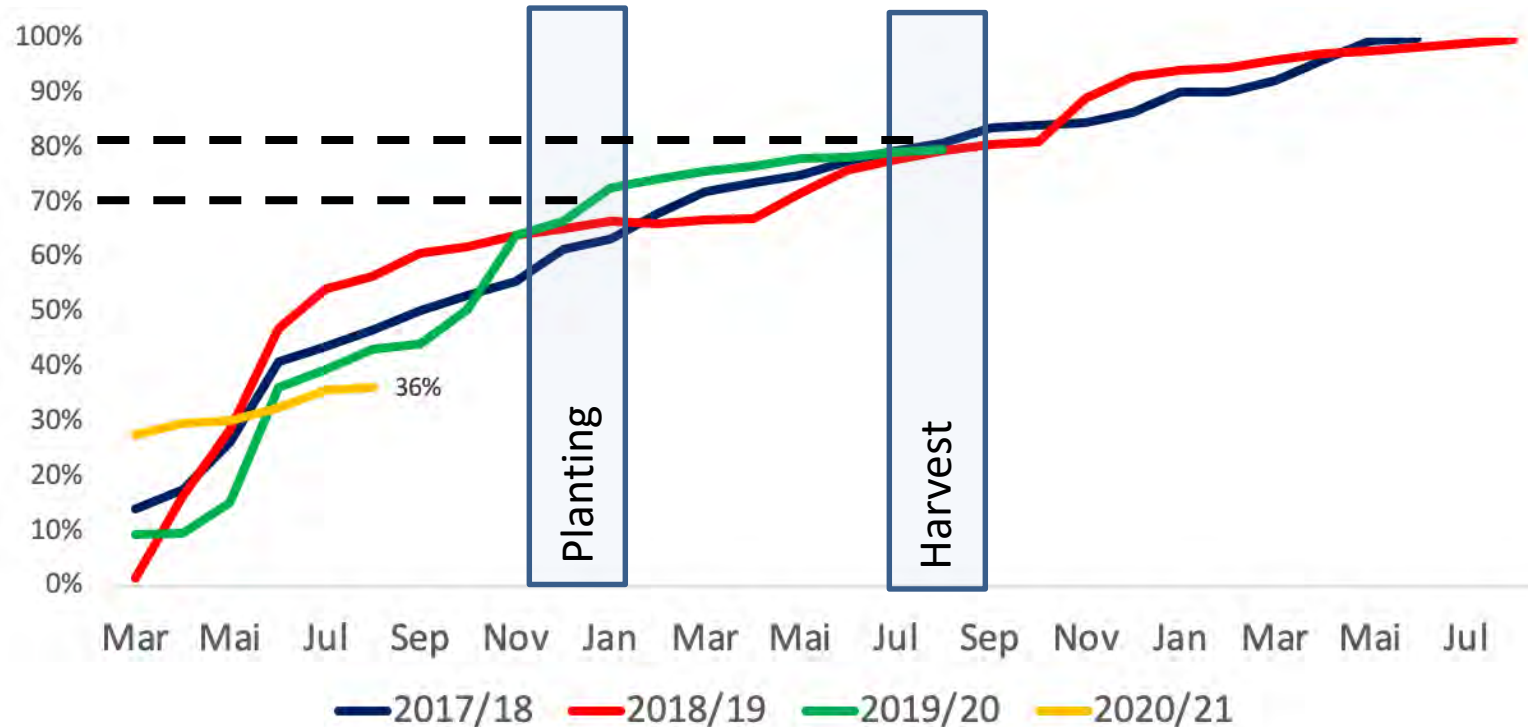
4 – Focusing  
More on Quality  
and  
Sustainability

5 – Domestic  
and  
International  
Promotion

## 2- Reducing Risks through Forward Contracts

### Cotton Forward Contracting by Farmers

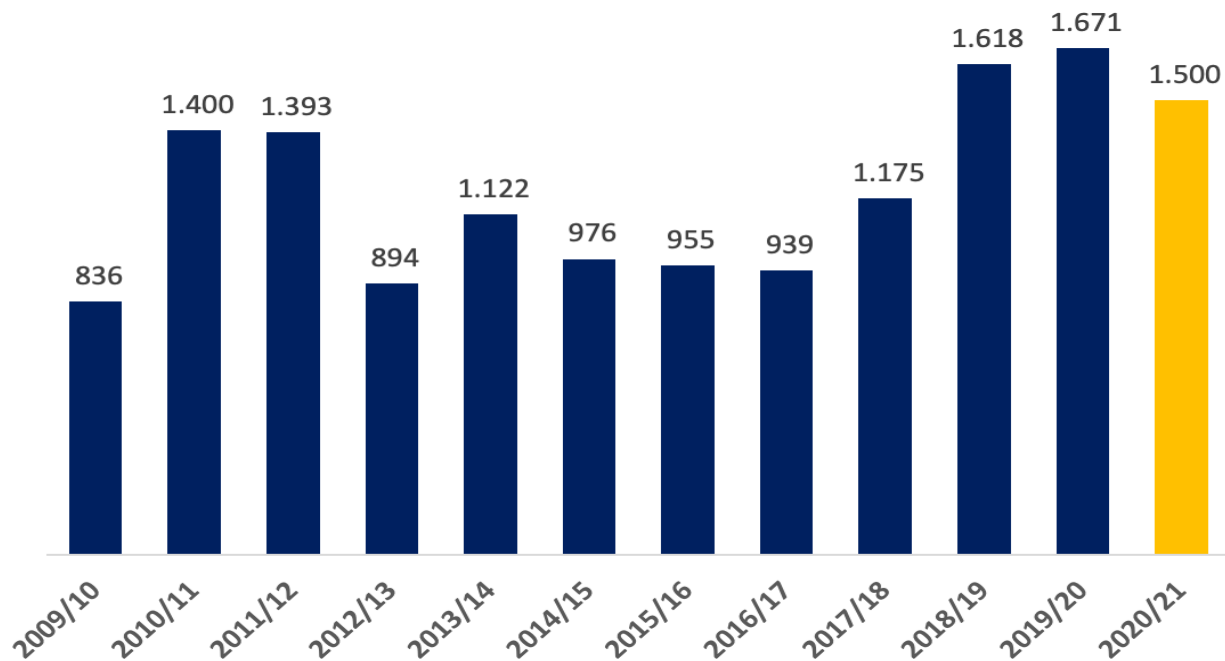
Sales per Crop per Month – Mato Grosso State



## 2- Reducing Risks with Less Acreage

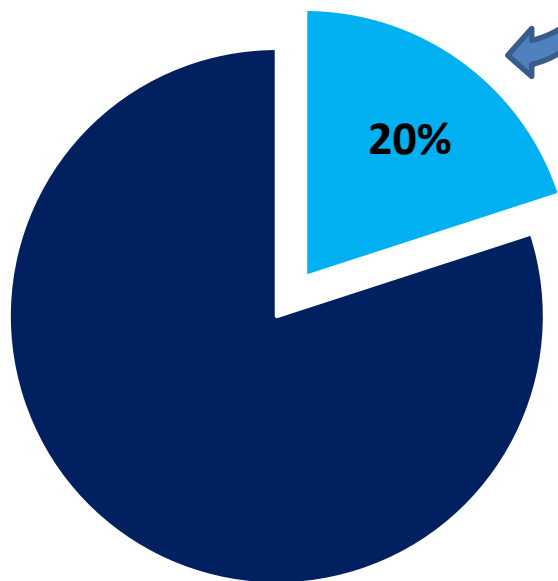
### Cotton Acreage in Brazil

in 000 hectares



## 2- Reducing Costs Through Biological Control

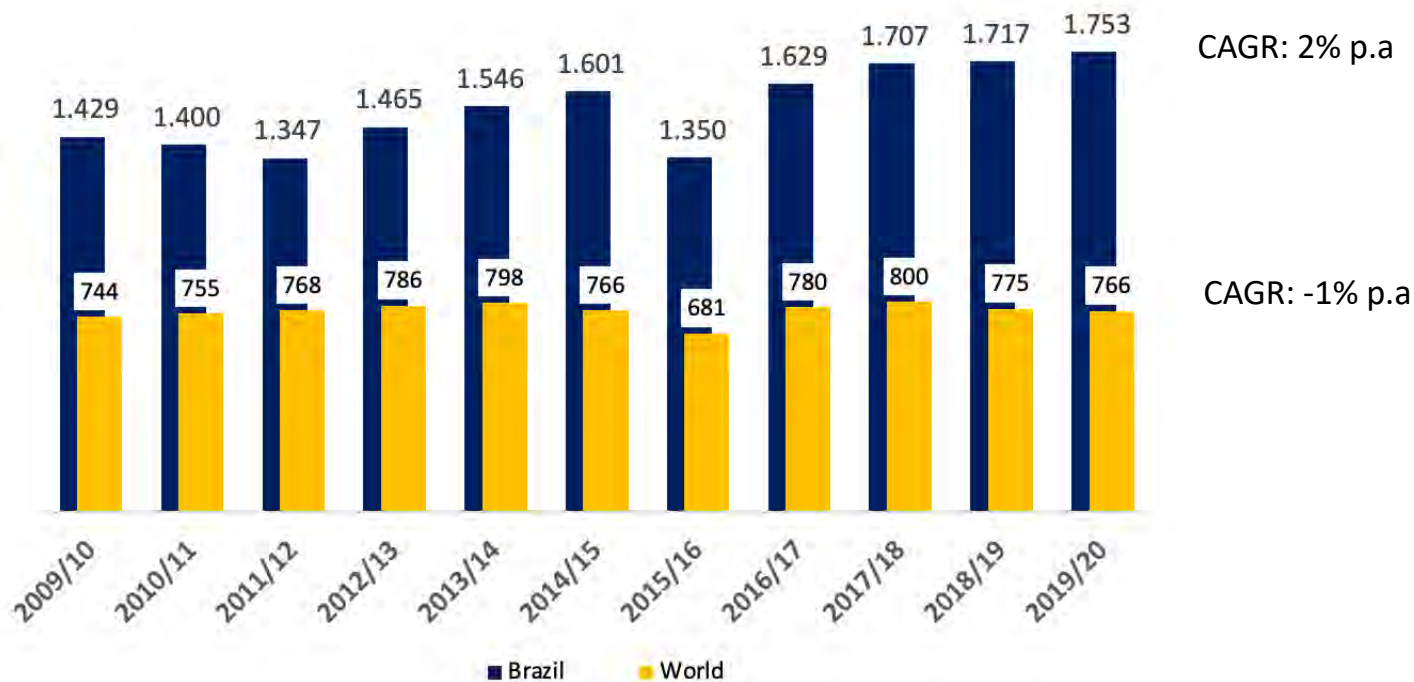
20% of Integrated Pest Management in Brazilian Cotton Farms is made with Biological





## 2- Reducing Costs w/ Technology: Higher Yields

Average Yield Comparison – Brazil x World  
in kg of cotton lint/hectare



# Brazilian Cotton Sector Responses to Covid-19



1- Prioritizing Health and Safety of Farmers and Employees

2 – Reducing Risks and Costs of Production

3 – Improving Supply Chain Efficiency

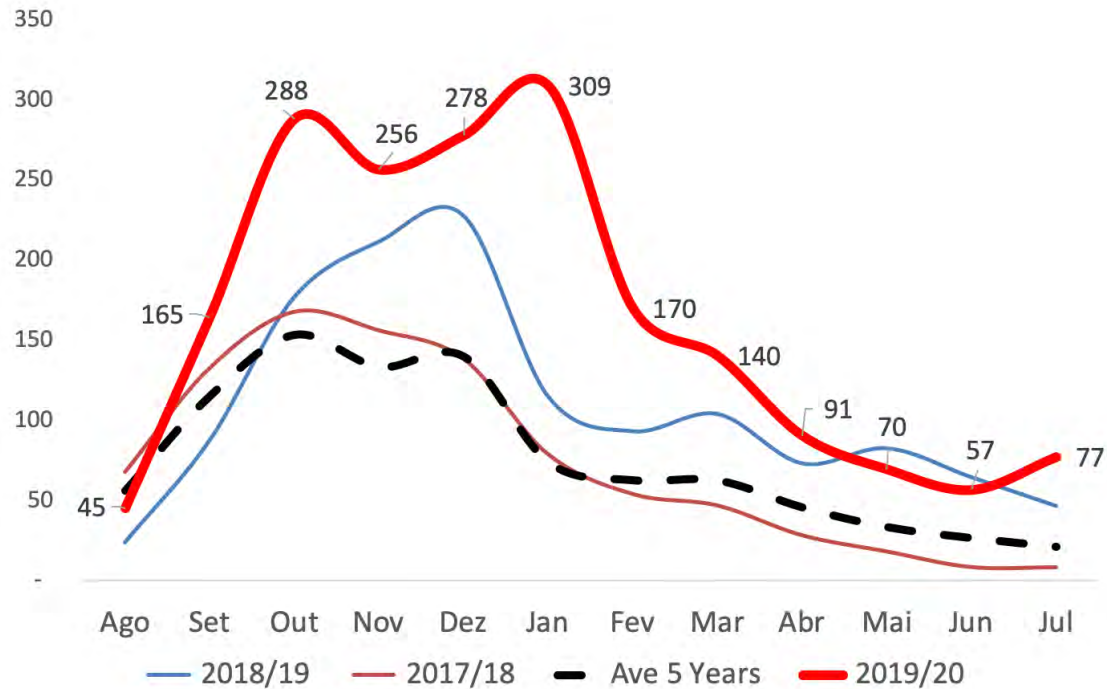
4 – Focusing More on Quality and Sustainability

5 – Domestic and International Promotion

# 3- Improving Logistics

## Cotton Shipments per Month

in 000 tons of cotton lint



# Brazilian Cotton Sector Responses to Covid-19



1- Prioritizing  
Health and  
Safety of  
Farmers and  
Employees

2 – Reducing  
Risks and  
Costs of  
Production

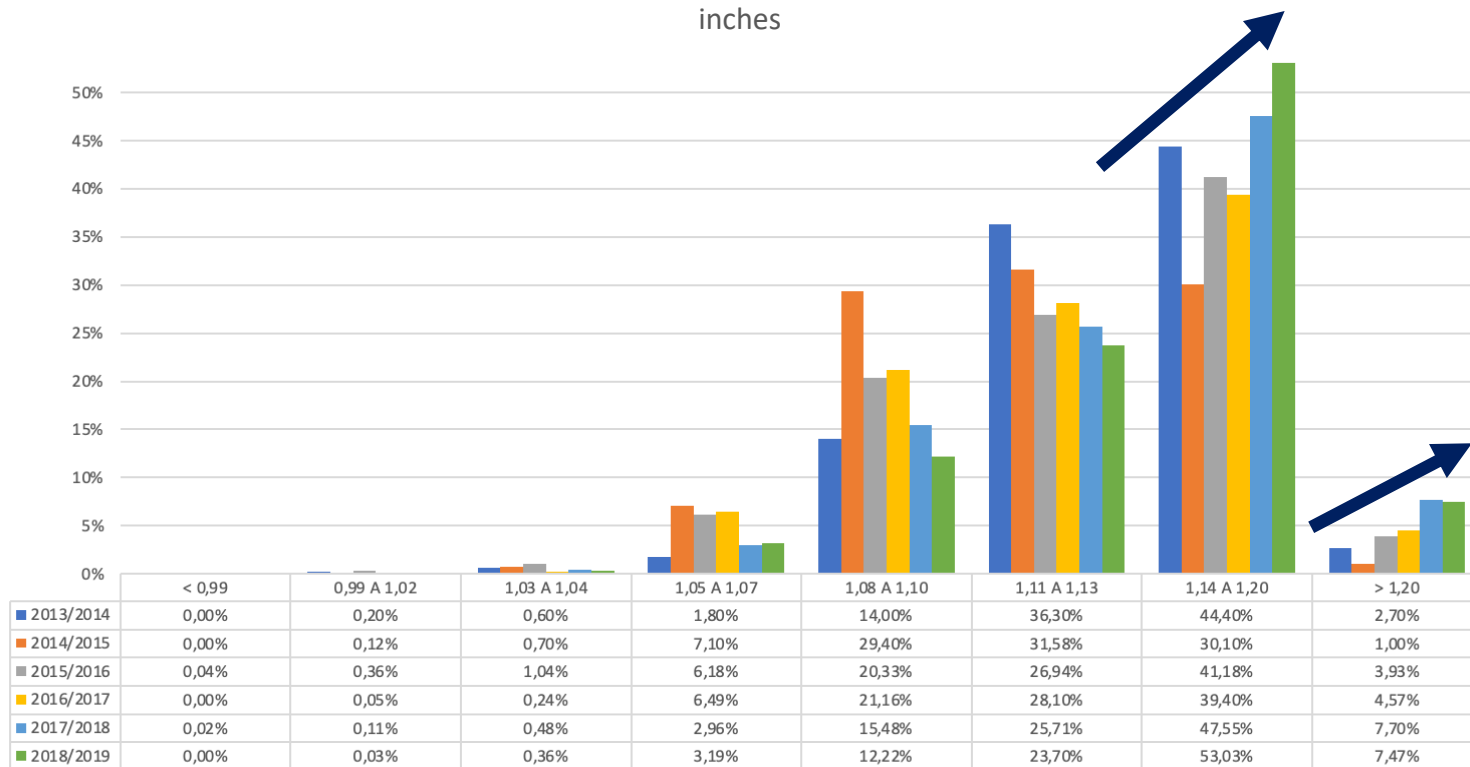
3 – Improving  
Supply Chain  
Efficiency

4 – Focusing  
More on Quality  
and  
Sustainability

5 – Domestic  
and  
International  
Promotion

# 4- Improving Quality

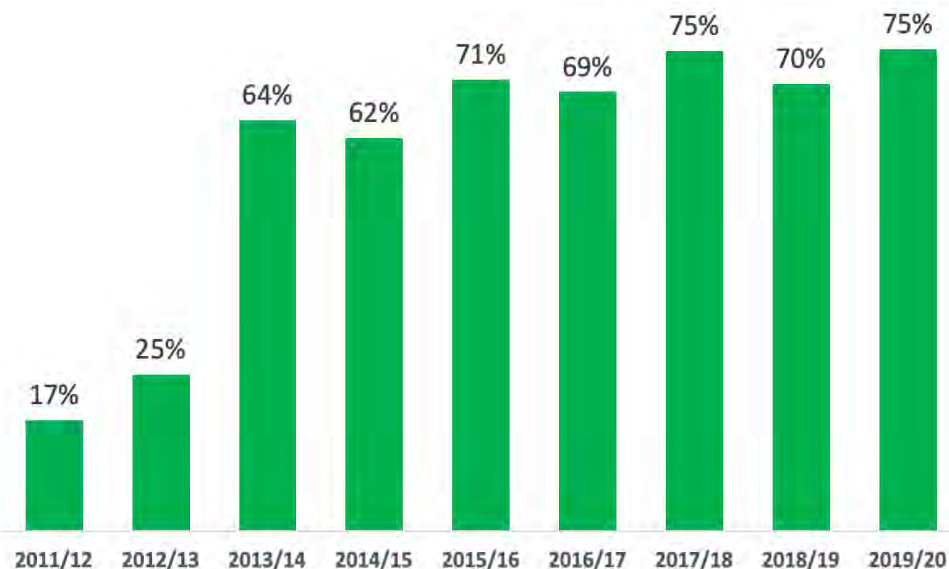
## Fiber Length - UHML inches



# 4- Improving Sustainability

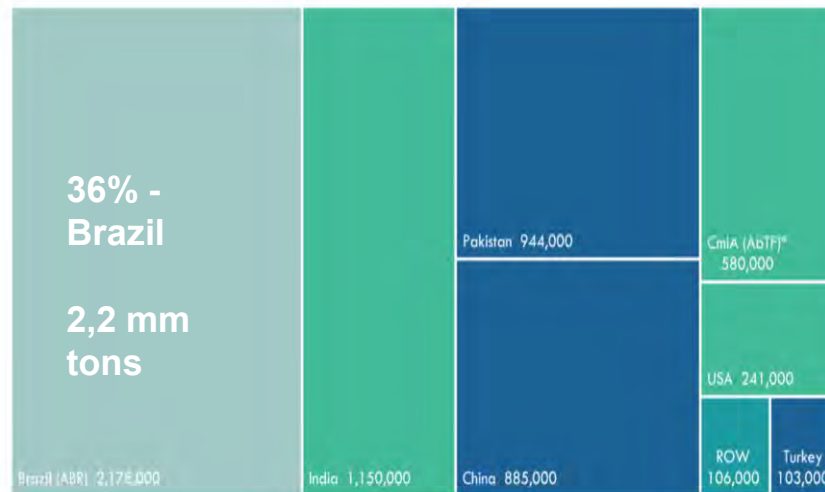
## BCI Cotton Share of Brazil's Production

BCI cotton/total Brazilian cotton production



## BCI Production per Country

In tons, 2019/20





# Brazilian Cotton Sector Responses to Covid-19



1- Prioritizing  
Health and  
Safety of  
Farmers and  
Employees

2 – Reducing  
Risks and  
Costs of  
Production

3 – Improving  
Supply Chain  
Efficiency

4 – Focusing  
More on Quality  
and  
Sustainability

5 – Domestic  
and  
International  
Promotion



**Sou de  
Algodão**

# Thank You!

SIBS, Quadra 1, Conjunto B,  
Lote 2, Edifício Abrapa  
Brasília-DF, Brasil, CEP: 71736-102

Tel.: +55 61 3028.9700  
[abrapa@abrapa.com.br](mailto:abrapa@abrapa.com.br)  
[www.abrapa.com.br](http://www.abrapa.com.br)




# Q&A



Kai Hughes



Marcelo Duarte

A close-up photograph of a person's hands holding a white ceramic bowl filled with small, dark, oval-shaped cotton seeds. The person is wearing a light-colored, possibly yellow or beige, garment. The background is a soft, out-of-focus green, suggesting an outdoor setting. A large, semi-transparent purple circle is overlaid on the left side of the image, partially obscuring the bowl and the person's hands.

# Closing Reminders





# Better Cotton Production & Uptake Report

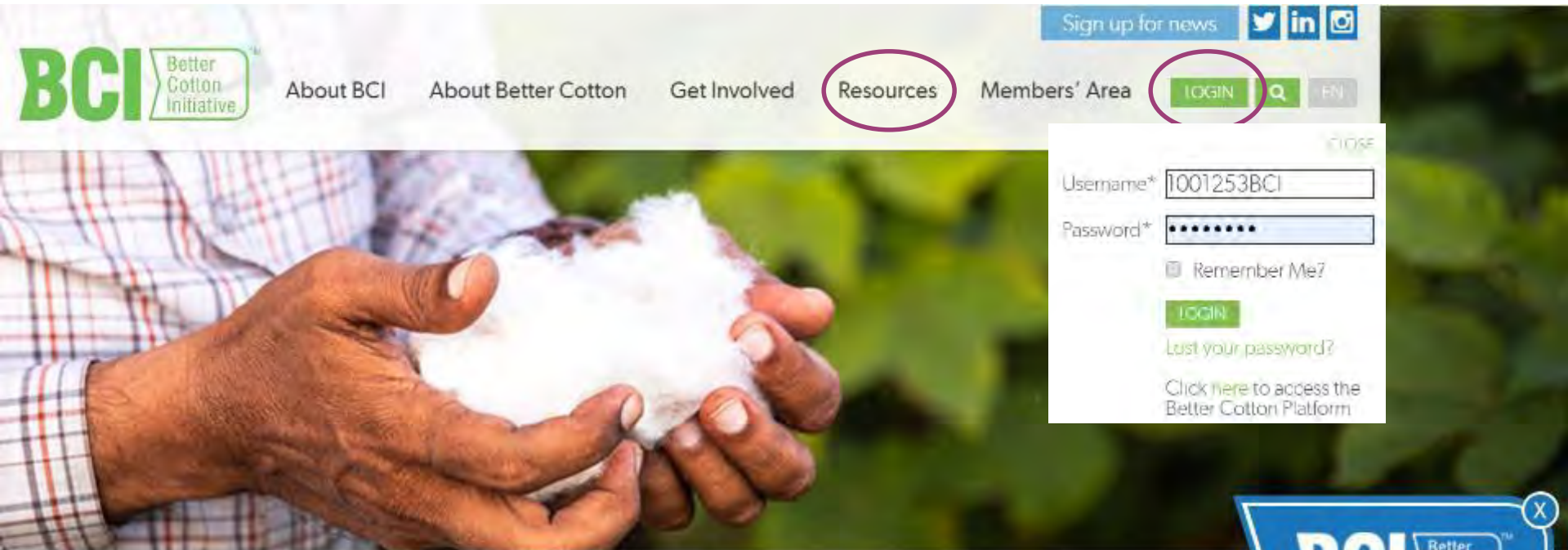
Q1 & Q2 2020 – For BCI members only

.....  
July 2020



# Members' Only Resources Website

[bettercotton.org/resources/](https://bettercotton.org/resources/)



The screenshot shows the BCI website header. On the left is the BCI logo (Better Cotton Initiative). The navigation menu includes: About BCI, About Better Cotton, Get Involved, Resources (circled in purple), and Members' Area. To the right of the navigation is a blue button for "Sign up for news" and social media icons for Twitter, LinkedIn, and Instagram. Below the navigation is a green "LOGIN" button (circled in purple) next to a search icon and an "FN" button. A login form is open on the right side of the page, containing fields for "Username\*" (with the value "1001253BCI") and "Password\*" (with masked characters). Below the password field are a "Remember Me?" checkbox, a green "LOGIN" button, a link for "Lost your password?", and a link for "Click here to access the Better Cotton Platform". A "CLOSE" button is in the top right corner of the form. The background of the page features a close-up image of a person's hands holding a ball of white cotton.

The Better Cotton Initiative (BCI) is a global not-for-profit organisation and the largest cotton sustainability programme in the world. BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future.



BCI Better Cotton Initiative  
BetterCotton.org/massbalance  
What does our logo mean?  
Find out more >>

# Members' Only Resources Website

[bettercotton.org/resources/](https://bettercotton.org/resources/)

## Members' Only Resources

Log in to view.



Presentation Slides



Member-Only Webinars



Cotton Production Reports



Member Newsletter



Member Toolkit



Communications Materials



Logo Downloads



Better Cotton Platform



Print Materials for Events



Videos



Implementing Partner Tools



Western China Resources

# Members' Only Resources Website

[bettercotton.org/resources/](https://bettercotton.org/resources/)

## Member-Only Webinars

Here BCI Members can find monthly member-only webinars focused on various topics related to BCI, the Better Cotton Standard System and emerging cotton industry trends.

To provide additional value to the BCI membership community, these monthly member-only webinars are in addition to the open recruitment and training webinars being hosted. All webinars will provide brief updates on key BCI activities, with a specific focus on a featured topic by a guest speaker(s).

Upcoming Webinars: Register below.

02, 16, 29 September 2020 | Cotton Outlook Series



04 September 2020 | BCI Retailer & Brand Discussion Forum: Western China



11 & 12 November 2020 | Upgrading BCI's Monitoring & Evaluation System



Past Webinars: Watch recordings and access slides.

12 August 2020 | BCI Task Force on Forced Labour and Decent Work



5 & 6 August 2020 | A Deeper Look at the BCI Assurance Model



1 & 2 July 2020 | Supporting BCI Farmers Through Covid-19



9 June 2020 | Virtual 2020 BCI General Assembly



May 2020 | BCI Member Discussion Forum: Western China Recap



### PAST WEBINAR: 1 & 2 July 2020 | Supporting BCI Farmers Through Covid-19

In this monthly member webinar, we explored how BCI and our Implementing Partners are supporting farmers around the world in adapting to the Covid-19 pandemic during the 2020 harvest season. Expect visual examples of how cotton growing communities are being impacted. You'll also hear key organisational updates on global production and uptake numbers, the Task Force on Forced Labour and Decent Work, as well as brief updates on Western China.

Audience: This webinar is open to **all BCI Members**. Two identical sessions were offered to provide options for multiple time zones.

#### Webinar Resources

Webinar presentation slides





# BCI Member Cotton Outlook Webinar Series

*Guest speakers from the industry will share thoughts on global trends, key regional issues, and perspectives on how the industry is dealing with the 2020 impacts.*

- **02 Sept:** Cotton Market Today
- **16 Sept:** Yarn & Fabric Import / Export
- **29 Sept:** Emerging Business Trends for 2021/22

---

Register at [www.bettercotton.org/get-involved/events/](http://www.bettercotton.org/get-involved/events/)

# Thank you

Please complete webinar survey

02 September 2020

---

[membership@bettercotton.org](mailto:membership@bettercotton.org)