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.
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

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>2%</td>
<td>6%</td>
<td>7%</td>
<td>12%</td>
<td>14%</td>
<td>19%</td>
<td>22%</td>
</tr>
</tbody>
</table>
2015 - 2020 BETTER COTTON UPTAKE

Spinner vs. Retailer & Brand uptake (MT)

2020 Spinner uptake Goal: 3,000,000 MT

2020 RB uptake Goal: 2,000,000 MT

*As of 31 August 2020
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
The Recorder – Special issue
Cotton Connects – LinkedIn
Country Zoom Meetings
Cotton This Month
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.

**Amounts (in Million Tonnes) for 2019/20**
- **India**: 6.2
- **China**: 5.8
- **Brazil**: 2.9
- **USA**: 4.3
- **Pakistan**: 1.3
- **W. Africa**: 1.3
- **ROW**: 2.7
- **Uzbek**: 0.1
- **Tu...**: 0.6

**Amounts (in Million Tonnes) for 2020/21**
- **India**: 6.2
- **China**: 5.7
- **Brazil**: 2.5
- **USA**: 3.9
- **Pakistan**: 1.2
- **W. Africa**: 1.4
- **Turkey**: 0.7
- **ROW**: 2.5
- **Uzbek**: 0.4
- **Austria**: 0.4

www.icac.org
The pandemic had a negative impact in the global economy and the demand for cotton and T&A. The world cotton demand in 2019/20 was 22.7 million tonnes, a decrease of 12.7% compared to 2018/19. For 2020/21, the demand is expected to increase to 24.3 million tonnes, depending on economic growth and end-use demand increases. The leading cotton consuming countries include China, India, Pakistan, Turkey, Bangladesh, and Uzbekistan.
World Cotton Demand in Perspective

Million Tonnes

80/81 82/83 84/85 86/87 88/89 90/91 92/93 94/95 96/97 98/99 00/01 02/03 04/05 06/07 08/09 10/11 12/13 14/15 16/17 18/19 20/21

Cotton Prices: Record level & Extreme Volatility
Global Recession
COVID-19 Pandemic
## World Cotton Trade

### Major Exporters 2019/20

<table>
<thead>
<tr>
<th>Major Exporters</th>
<th>2019/20</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>3.35</td>
<td>38%</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>1.98</td>
<td>22%</td>
</tr>
<tr>
<td>WEST AFRICA</td>
<td>0.97</td>
<td>11%</td>
</tr>
<tr>
<td>INDIA</td>
<td>0.65</td>
<td>7%</td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>0.23</td>
<td>3%</td>
</tr>
</tbody>
</table>

### Major Importers 2019/20

<table>
<thead>
<tr>
<th>Major Importers</th>
<th>2019/20</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHINA</td>
<td>1.75</td>
<td>20%</td>
</tr>
<tr>
<td>VIETNAM</td>
<td>1.46</td>
<td>17%</td>
</tr>
<tr>
<td>BANGLADESH</td>
<td>1.37</td>
<td>16%</td>
</tr>
<tr>
<td>TURKEY</td>
<td>0.90</td>
<td>10%</td>
</tr>
<tr>
<td>INDONESIA</td>
<td>0.63</td>
<td>7%</td>
</tr>
</tbody>
</table>

All amounts in Million Tonnes.
World Cotton Ending Stocks Remain High

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**
- Feb: -13%
- Mar: -12%
- Apr: -25%
- May: -20%
- Jun: +39%

**LARGEST EXPORTERS**
- Feb: -8%
- Mar: -48%
- Apr: -31%
- May: +228%
- Jun: +16%

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Becoming more mindful of where I spend my money</th>
<th>Changing to less expensive products to save money</th>
<th>Researching brand and product choices before buying</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>40</td>
<td>31</td>
<td>21</td>
</tr>
<tr>
<td>UK</td>
<td>44</td>
<td>32</td>
<td>18</td>
</tr>
<tr>
<td>France</td>
<td>26</td>
<td>20</td>
<td>11</td>
</tr>
<tr>
<td>Germany</td>
<td>34</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td>Spain</td>
<td>45</td>
<td>18</td>
<td>23</td>
</tr>
<tr>
<td>Italy</td>
<td>40</td>
<td>30</td>
<td>25</td>
</tr>
<tr>
<td>India</td>
<td>61</td>
<td>45</td>
<td>40</td>
</tr>
<tr>
<td>Japan</td>
<td>29</td>
<td>17</td>
<td>12</td>
</tr>
<tr>
<td>Korea</td>
<td>50</td>
<td>46</td>
<td>35</td>
</tr>
<tr>
<td>China</td>
<td>32</td>
<td>34</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: mckinsey & Company
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.

Source: McKinsey & Company-August 7, 2020
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 reduced capacity.
- Cancellation and delay in order shipments.

FARM LEVEL
- Increased unanticipated farm level costs.
- Non availability of labour.
- Cancellation of some contracts.
- Re negotiation on prices for the existing contracts.

OUTCOMES
- Reduced uptake of cotton for the current period, possible reduced sowing for next coming seasons.
R&D and Innovation: Medical Products
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%
Thank You

Any Questions?
BCI’s Cotton Outlook Series: Cotton Market Today

Brazilian Cotton Sector Responses to Covid-19
Abrapa: Brazilian Cotton Growers Association

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

Source: USDA (Aug/20)
2020/21 = expected
World Cotton Stocks-to-Use Ratio

World stocks at historic highs

Source: USDA (Aug/20)
2020/21 = expected
Supply and Demand - Brazil

Million Tons

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<tr>
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<tbody>
<tr>
<td>thousand tonnes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Stocks</td>
<td>270</td>
<td>169</td>
<td>108</td>
<td>422</td>
<td>703</td>
</tr>
<tr>
<td>Production</td>
<td>1.530</td>
<td>2.006</td>
<td>2.779</td>
<td>2.930</td>
<td>2.625</td>
</tr>
<tr>
<td>Imports</td>
<td>18</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total Supply</td>
<td>1.817</td>
<td>2.178</td>
<td>2.888</td>
<td>3.353</td>
<td>3.329</td>
</tr>
</tbody>
</table>

| Domestic Consumption             |         |         |         |         |         |
| Exports                          | 740     | 760     | 520     | 600     | 700     |
| Total Demand                     | 1.649   | 2.070   | 2.466   | 2.650   | 2.800   |

| Ending Stocks                    | 169     | 108     | 422     | 703     | 529     |
| Stocks-to-Usage Ratio            | 10%     | 5%      | 17%     | 27%     | 19%     |

Sources: Conab, MDIC, ABIT, Agroconsult
* Considerers crop production of the previous year

Elaborated by ABRAPA
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
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

Credits: SLC Agrícola
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
Cotton Forward Contracting by Farmers
Sales per Crop per Month – Mato Grosso State

Source: IMEA / Elaborated by ABRAPA
2- Reducing Risks with Less Acreage

Cotton Acreage in Brazil
in 000 hectares

Source: Conab / Elaborated by ABRAPA
2- Reducing Costs Through Biological Control

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

Source: Abrapa
2- Reducing Costs w/ Technology: Higher Yields

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

Source: Conab and USDA / Elaborated by ABRAPA
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

Source: MDIC/ Elaborated by ABRAPA
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

Source: Brazilian HVI Laboratories, May 2020
4- Improving Sustainability

BCI Cotton Share of Brazil’s Production

BCI cotton/total Brazilian cotton production

Source: BCI/ Elaborated by ABRAPA

BCI Production per Country

In tons, 2019/20

36% - Brazil

2,2 mm tons
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
Thank You!

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abrapa@abrapa.com.br 
www.abrapa.com.br
Q&A

Kai Hughes  Marcelo Duarte
Closing Reminders
Members’ Only Resources Website

bettercotton.org/resources/

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.
Members’ Only Resources Website

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/

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.

Supporting BCI Farmers through COVID-19
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.bettermcotton.org/get-involved/events/
Thank you

Please complete webinar survey

02 September 2020

membership@bettercotton.org