

# Better Cotton Production & Uptake Report

Q1 & Q2 2020 – For BCI members only

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July 2020



# INTRODUCTION

This Better Cotton Production and Uptake Report provides BCI members with an overview of the amount of Better Cotton expected to be available on the market as well as the latest information on Better Cotton uptake in the global supply chain.

By publishing this information, BCI intends to support its members in sourcing Better Cotton by improving the linkages between supply and demand.

This report replaces the previous Better Cotton Global Report. It is published on a quarterly basis\* and is available to BCI members only.

*\*this first publication covers Q1 and Q2 2020*



*NOTE: The information in this report is meant for BCI Members only. Please do not distribute outside of your organisation.*

*BCI operates under our anti-trust policy. For more information visit the [BCI website](#).*

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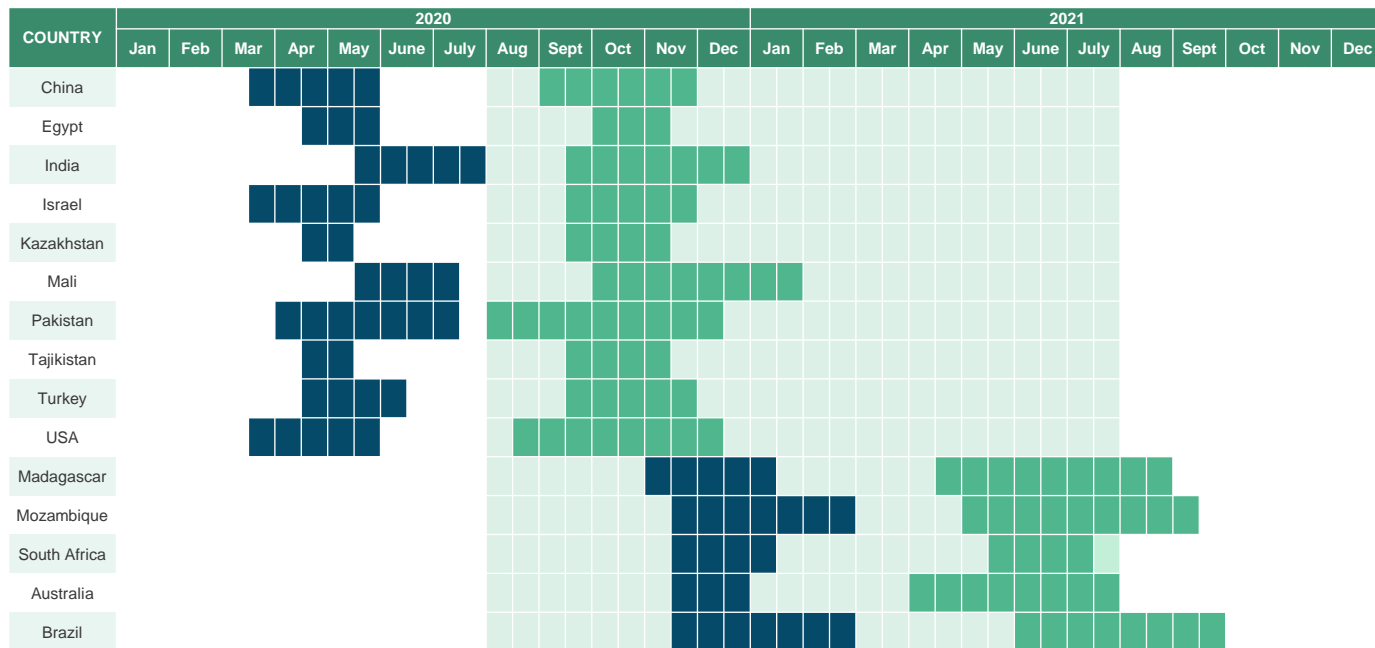


A close-up photograph of a person's hands, wearing a yellow long-sleeved shirt, holding a large, fluffy pile of white cotton lint. The lint is piled high in the palms and fingers. The background is blurred, showing more of the person's shirt and some greenery. A large, semi-circular purple graphic element is overlaid on the left side of the image, partially covering the text.

# Better Cotton Production

# COTTON CALENDAR

## SEASON 2020-21



● Sowing ● Harvest ● 2020-21 Cotton Season

This table represents the 2020-21 cotton season for Better Cotton producing countries and equivalent standards.

The Better Cotton calendar runs approximately from August to July and aligns with the International Cotton Season set by the International Cotton Advisory Committee (ICAC).

The start of the season corresponds to the beginning of the harvest in the northern hemisphere (excluding the sowing months), and it ends in the following calendar year with the harvests in the southern hemisphere.

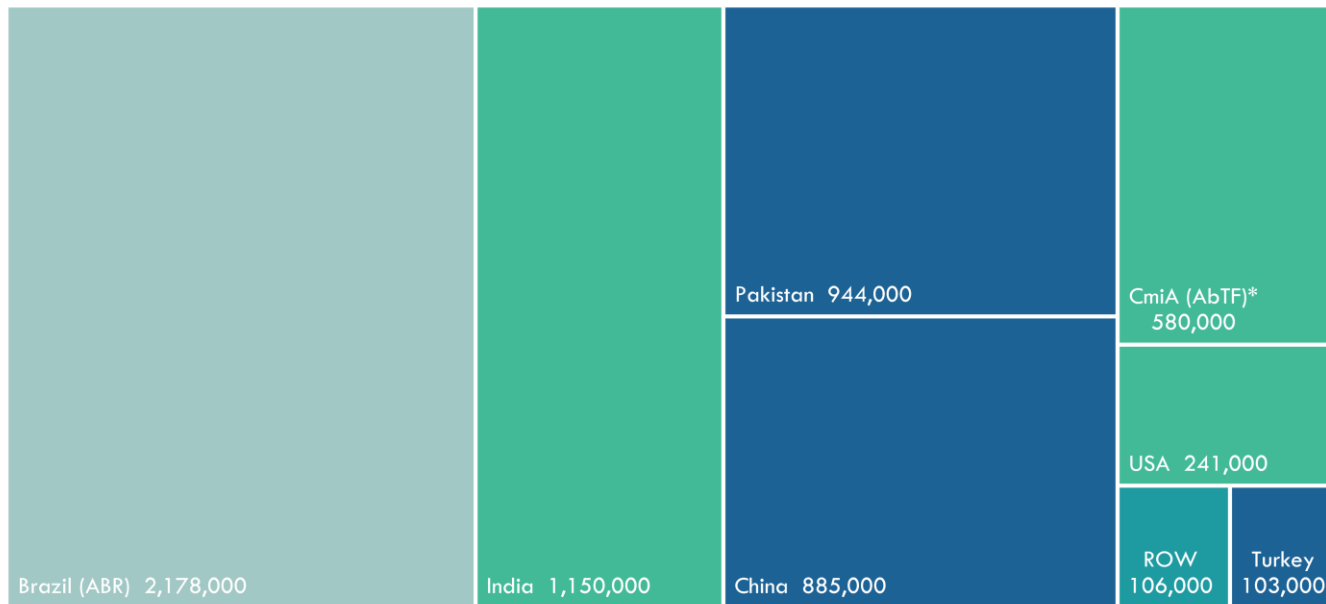
The 2020-21 Better Cotton season will kick off in Pakistan in August. In all northern hemisphere countries (with the exception of Mali), the 2020-21 season will end by December 2020. In southern hemisphere countries, Better Cotton will be harvested over Spring/Summer 2021, with the last harvests expected in Brazil in September 2021 (although the season officially end in July).

Due to climatic conditions, the start and end of cotton seasons in specific countries may vary each year.

More information at:  
<https://bettercotton.org/where-is-better-cotton-grown/>

# 2019-20 BETTER COTTON PRODUCTION

OVER 6 MILLION MT OF COTTON LINT ESTIMATED (in MT)



- **Late Season estimates:** amount of Better Cotton estimated pre-harvest
- **Licensed Figures:** amount of licensed Better Cotton pre-harvest
- **Final post-harvest figures:** actual figures calculated post-harvest

## Rest of the World (ROW)

Australia (MyBMP)	33,000
Mali	23,000
South Africa	15,000
Tajikistan	13,000
Israel	9,000
Kazakhstan	3,000
Mozambique	10,000
Madagascar	License Cancelled

The 2019-20 Better Cotton season is ending and Better Cotton production is expected to exceed 6 million MT, almost equivalent to 24% of the world cotton production.

This graph shows the amount of Better Cotton in MT of cotton lint produced at country level and expected to be available in the market.

The data reported represent licenced and post-harvest production estimates, except for Brazil and Australia, where the 2019-20 cotton season is ongoing. Updated figures will be available in the next quarter.

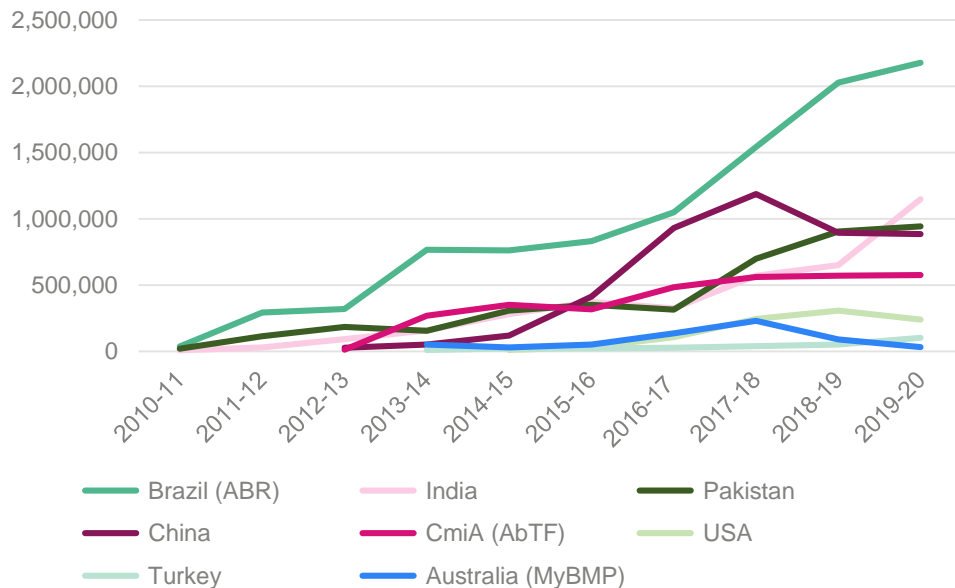
Note: BCI receives production estimates for each Better Cotton producing country by Implementing Partners on the ground. Based on the stage of production, the data will represent: early season estimates, late season estimates, licensed figures and final post-harvest figures.

\*CmiA countries in 2019-20 include: Benin, Burkina Faso, Cameroon, Cote d'Ivoire, Mozambique (but we don't double-count it), Nigeria, Tanzania, Uganda, Zambia

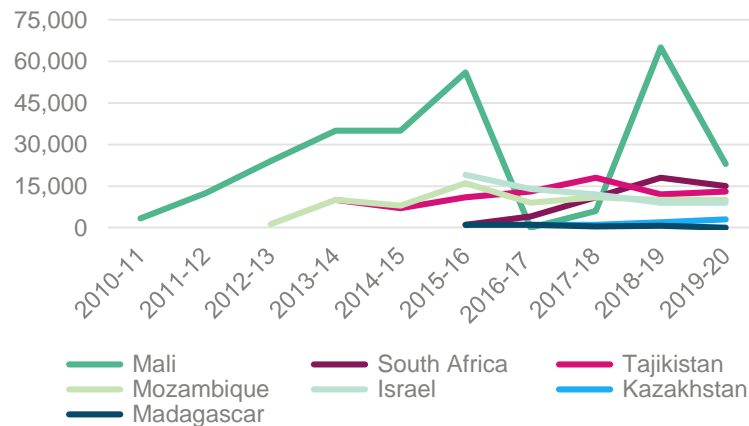
# BCI GROWTH

## A DECADE IN REVIEW

Better Cotton Lint Production (in MT) - Top 8 countries



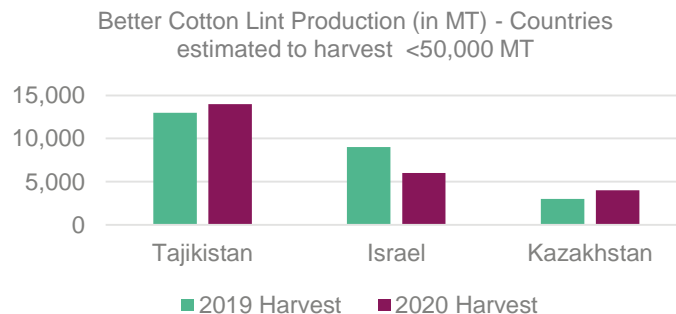
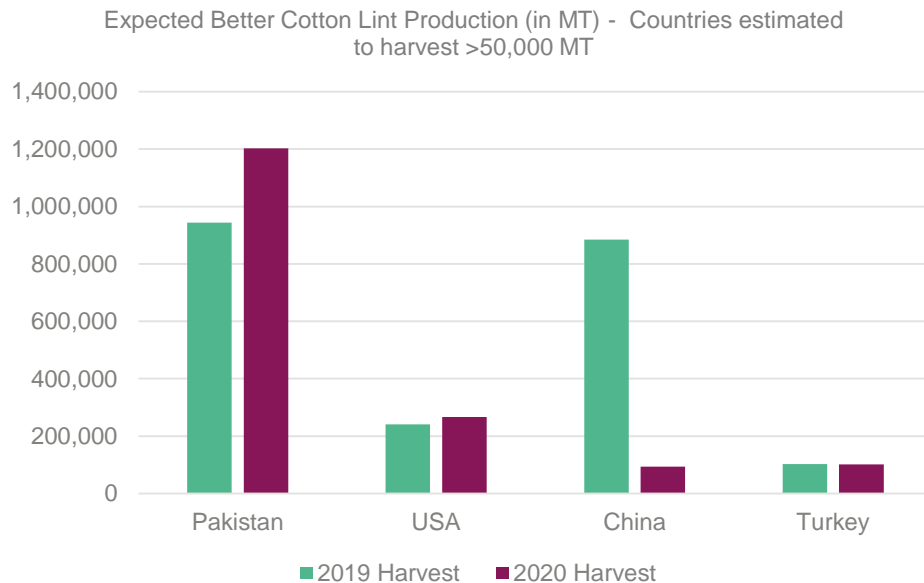
Better Cotton Lint Production (in MT) - Countries producing <100,000 MT



Brazil, India and Pakistan continue to be the top three Better Cotton producers, producing roughly 70% of the whole Better Cotton production. Turkey and India experienced the greatest expansion in cotton production, with a percentage increment of 94% and 76% respectively, compared to 2018-19. The decline over the past 3 seasons in China's production volumes is expected to be offset by the continuous rise in Pakistan's and India's production during the same period, which is respectively projected to approach or exceed the 1,000,000 MT lint level in 2019-20. Amidst a three-year drought, the contraction of Australian production is balanced by increasing production in the US, Turkey, and Mali over the same period.

# 2020-21 BETTER COTTON PRODUCTION

## HARVEST ESTIMATES – YEAR ON YEAR COMPARISON



NOTE: As additional early season estimates become available, more countries will be included in these graphs, including Egypt which officially became a new BCI Programme country in May 2020.

The 2020-21 cotton season is kicking off in the Northern Hemisphere and early season estimates are becoming available for different countries in this hemisphere. This graph shows the early season estimates for 2020-21 currently available and compares them with 2019-20 figures. Early season estimates are forecasted by four weeks after sowing the cotton crop.



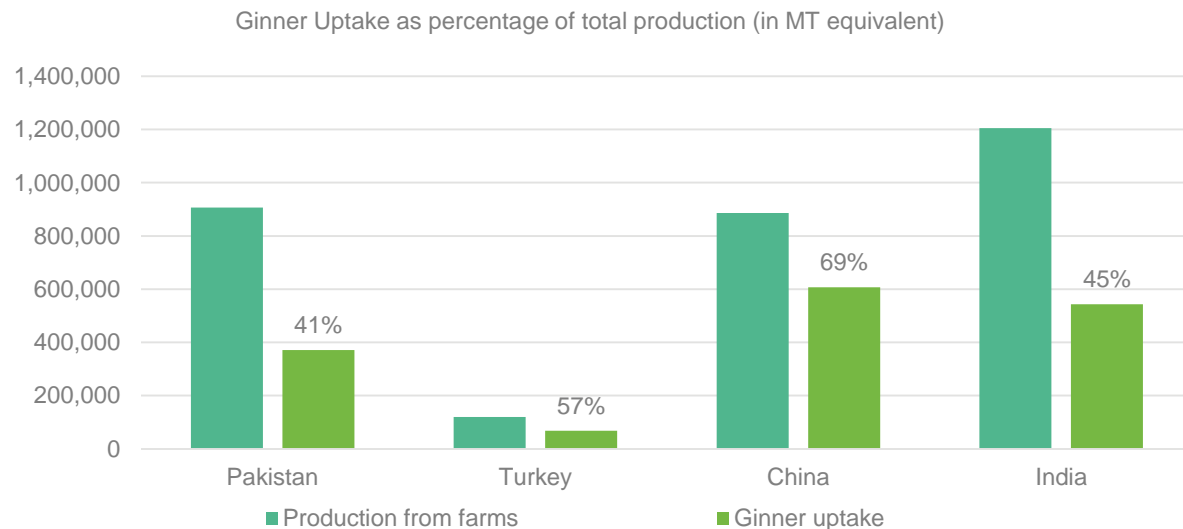
# Better Cotton Uptake

# DEFINITIONS

BETTER COTTON CLAIM UNIT (BCCU)	The designated unit that corresponds to 1 KG of Better Cotton lint procured from a participating BCI ginner by a cotton traders or a spinning mill. BCCUs are transferred through the Better Cotton Platform to fulfil BCI orders.
BCCU INVENTORY	Current inventory level (in BCCUs) of each supply chain category, broken down by country.
BETTER COTTON UPTAKE	Sourcing and purchasing of cotton in the supply chain that is allocated Better Cotton Claim Units.
GINNER UPTAKE	Volume of Better Cotton seed (in MT) procured by a ginner processing Better Cotton within the considered time period.
SPINNER UPTAKE (LINT)	Volume of Better Cotton lint (in MT equivalent to BCCUs) procured by spinning factories and traders from participating ginner within the relevant time period (monthly, quarterly or annually), broken down by country.
FABRIC MILL UPTAKE (YARN)	Volume of Better Cotton in MT equivalent to BCCUs procured from participating spinners by fabric makers, vertically integrated mills and non-lint traders within the relevant time period (monthly, quarterly or annually), broken down by country.
RETAILER AND BRAND (RB) UPTAKE	Volume of Better Cotton in MT equivalent to BCCUs procured by retailers and brands as part of their orders of cotton-containing products associated with a Better Cotton claim within the relevant time period (monthly, quarterly or annually).
MT EQUIVALENT	Unit corresponding to <u>one metric ton of lint cotton</u> (1'000 kg of lint cotton) or <i>one thousand BCCUs</i> .

# GINNER UPTAKE

COTTON SEASON 2019-20



Data included from the beginning of the season to end of June 2020. Ginner uptake figure for Pakistan is final, while uptake rates can still increase for Turkey, China and India. Ginner uptake data is not yet available for southern hemisphere countries.

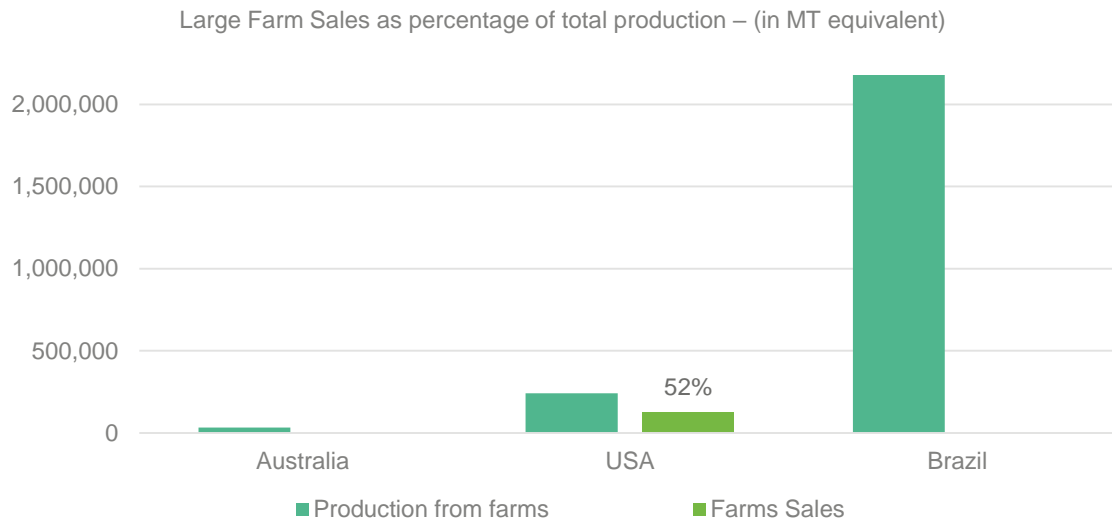
## WHY IS GINNER UPTAKE IMPORTANT?

Ginner uptake allows us to see how much Better Cotton has been purchased from the participating farmers\* during the mentioned season.

\*In these countries we refer to small farmers who sell seed cotton to ginneries. Ginneries process the lint cotton and own the resulting lint bales which they later sell to spinners and traders

# LARGE FARM SALES

## COTTON SEASON 2019-20



In Australia and Brazil the 2019-20 cotton season has just started. Lint sales figures will be available in the next quarter report.

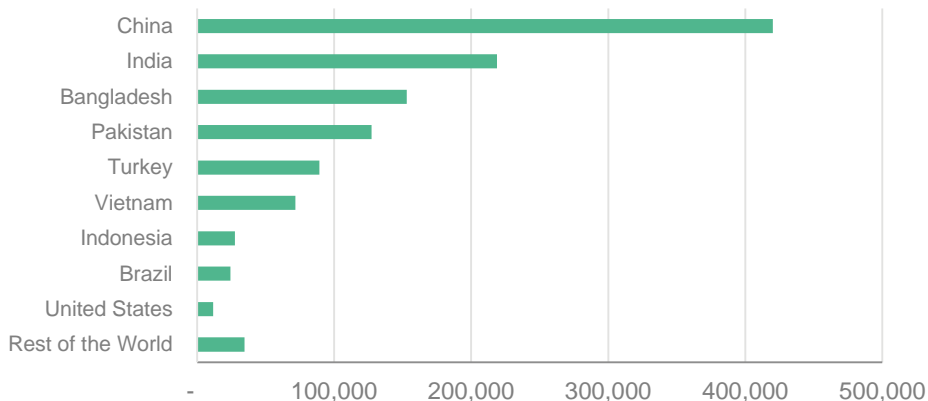
Dates considered for the graph: beginning of the season to 30/06/2020.

Unlike smallholder countries, where ginners buy seed cotton from farmers, then gin and market bales, in Large Farm (LF) countries like Australia, Brazil and USA, ginners merely provide a ginning service to the farmer, who retains ownership of the final bale and typically sells it to a trader.

# SPINNER UPTAKE

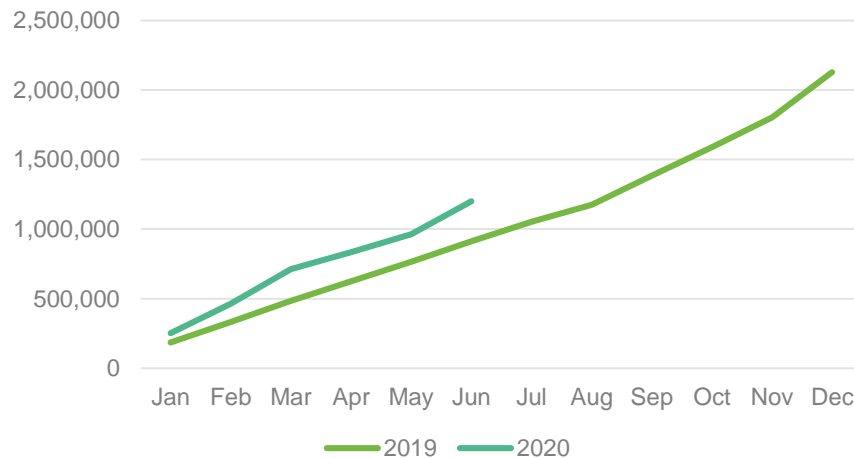
## CUMULATIVE SPINNER UPTAKE (in MT equivalent) IN 2020

Spinner Uptake by Country (in MT equivalent) – Jan-Jun 2020



Total: **1,199,028 MT equivalent**

Spinner Uptake Year on Year Comparison (in MT equivalent)



## WHY IS SPINNER UPTAKE IMPORTANT?

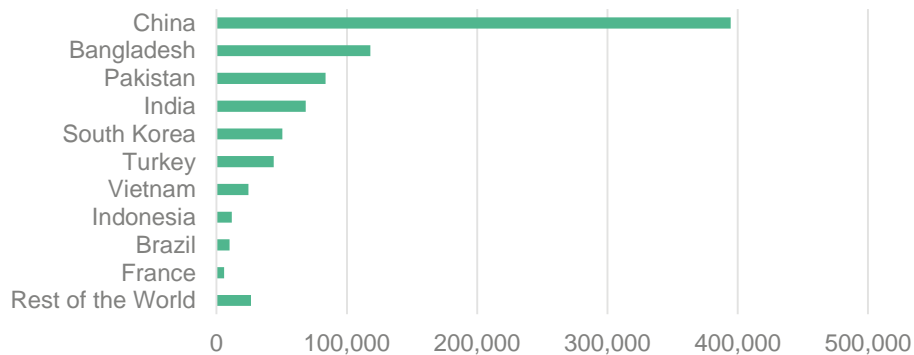
Spinner uptake gives our traders and growers an indication of which markets to target with their bales, while providing our new retailers & brands guidance on which markets have the highest levels of spinners sourcing cotton as Better Cotton.



# FABRIC MILLS UPTAKE

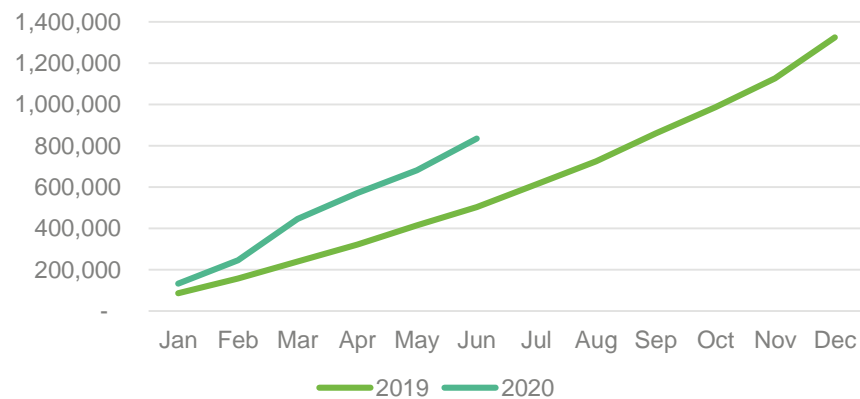
## CUMULATIVE FABRIC MILL UPTAKE (in MT equivalent) IN 2020

Fabric Mills Uptake by Country (in MT equivalent) –Jan-Jun 2020



Total: **837,140 MT equivalent**

Fabric Mill Uptake Year on Year Comparison (in MT equivalent)

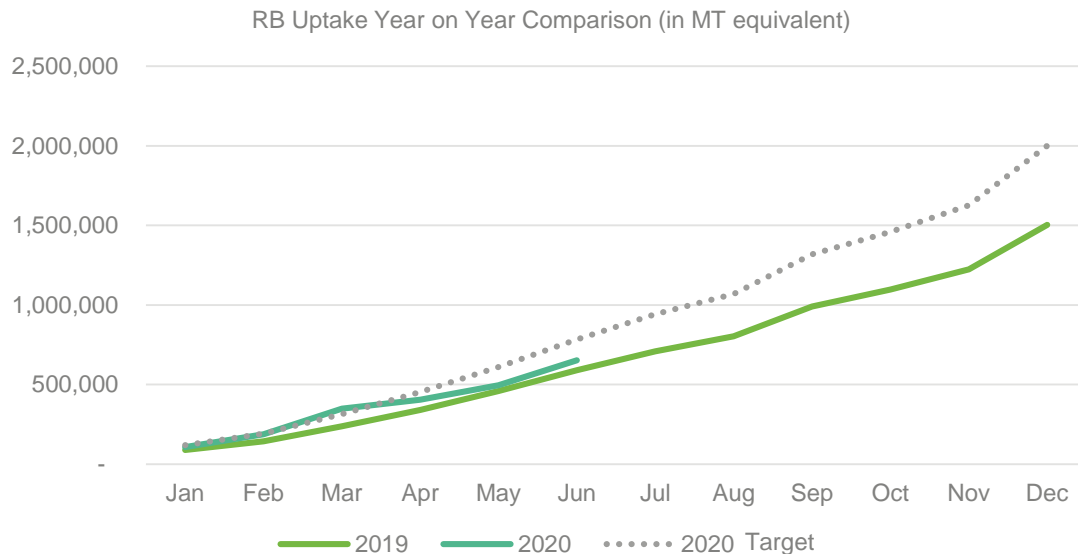


## WHY IS FABRIC MILL UPTAKE IMPORTANT?

Fabric mill uptake gives retailers & brands an indication about Better Cotton sourcing levels in final production stages.

# RETAILER & BRAND (RB) UPTAKE

## CUMULATIVE RETAILER & BRAND UPTAKE (in MT equivalent) IN 2020



Total RB uptake by 30 June 2020:  
**653,000 MT equivalent**

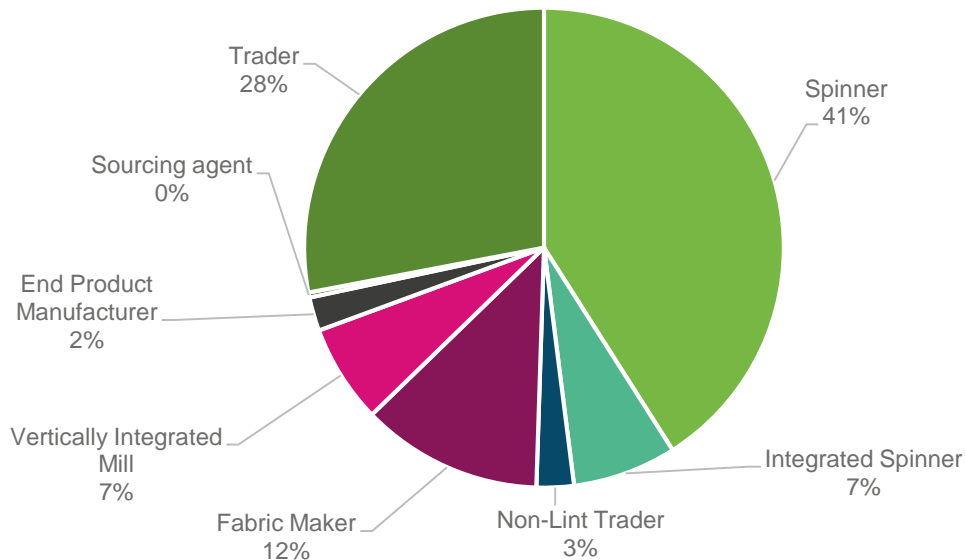
Target for 2020: **2 million MT equivalent**

## WHY IS RETAILER & BRAND UPTAKE IMPORTANT?

Retailer and Brand (RB) uptake indicates the cumulative amount of Better Cotton (in the form of BCCUs) sourced by retailer and brand members at a given point in time. RB uptake is important because it demonstrates Better Cotton demand at the end of the supply chain. In 2018, Retailer and brand members sourced over 1 million MT of Better Cotton, reaching 1.5 million MT at the end of 2019. RB uptake is critical because it translates into funding for farmer training activities.

# INVENTORY SNAPSHOT – BY CATEGORY

BCCU INVENTORY BY CATEGORY AS % OF GLOBAL INVENTORY (July 10, 2020)



Total: **4,344,445 MT equivalent\***

## Why are inventory snapshots important?

Inventory snapshots show BCCUs availability at each supplier category level at a specific point in time. Snapshots can support companies with their Better Cotton sourcing strategies and improve linkages between supply and demand.

# INVENTORY SNAPSHOT

## INVENTORY (BCCUs) PER CATEGORY BY COUNTRY

Country	Spinner	Integrated Spinner	Non-Lint Trader	Fabric Maker	Vertically Integrated Mill	End Product Manufacturer	Sourcing agent
Bangladesh	150-300m	5-20m	5-20m	50-100m	20-50m	5-20m	Less than 5m
Brazil	50-100m	20-50m	Less than 5m	20-50m	5-20m	5-20m	-
China	300-500m	50-100m	20-50m	150-300m	100-150m	20-50m	Less than 5m
India	150-300m	20-50m	5-20m	5-20m	20-50m	5-20m	Less than 5m
Indonesia	20-50m	20-50m	-	Less than 5m	Less than 5m	Less than 5m	-
Pakistan	300-500m	5-20m	Less than 5m	50-100m	20-50m	5-20m	-
South Korea	Less than 5m	Less than 5m	5-20m	5-20m	5-20m	Less than 5m	-
Turkey	150-300m	20-50m	5-20m	20-50m	20-50m	5-20m	Less than 5m
Vietnam	20-50m	5-20m	Less than 5m	5-20m	-	Less than 5m	-
Rest of the World	50-100m	20-50m	5-20m	20-50m	5-20m	20-50m	5-20m

**NOTE:** the data in this table refers to availability of BCCUs, NOT of physical Better Cotton.  
m = millions of BCCUs. For a definition of BCCU, refer to slide 12.

Total: **> 3 million MT equivalent**

## Why are inventory snapshots important?

Inventory snapshots can help identifying strategic inventories and potential bottlenecks in the ability to secure BCCUs to accompany cotton flows in supply chains. For instance, fabric mills can use this graph to understand availability of BCCUs at spinning mills in their countries and abroad. Securing the flow of BCCUs in the supply chain is critical to increase global retailer and brand uptake.

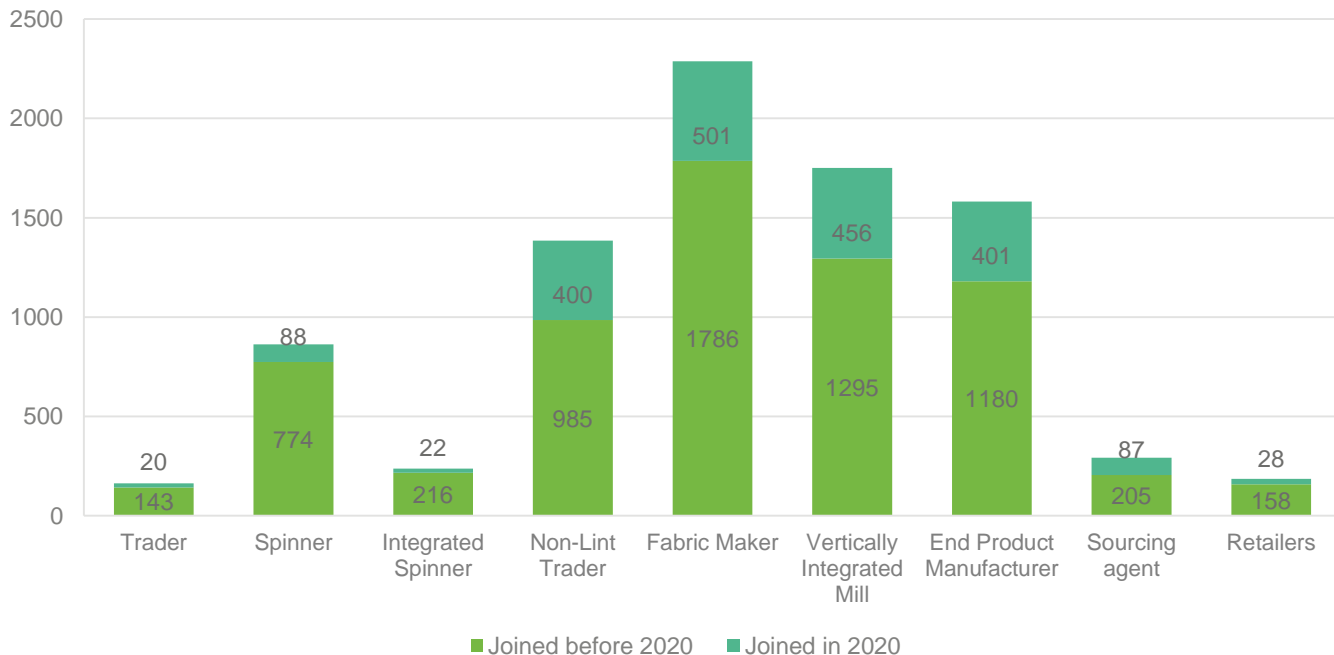
The background of the slide features a close-up photograph of cotton. In the foreground, a single cotton boll is shown in detail, with its white, fluffy fibers and brown, woody core. Behind it, two large spools of white thread are visible, their threads wound in a neat, helical pattern. The entire scene is set against a light, neutral background. A large, semi-transparent purple circle is overlaid on the left side of the image, partially obscuring the cotton boll and the spools. The title text is written in white, sans-serif font within this purple area.

# Membership and non-member BCP Users Numbers



# BETTER COTTON GLOBAL SUPPLY CHAIN

NUMBER OF COMPANIES (members and non-member BCP suppliers) WITH ACCESS TO THE BCP - JUNE 30, 2020



All transfers of BCCUs between supply chain actors are recorded on the Better Cotton Platform (BCP), by companies that are BCI members or which enroll for BCP access. The increasing number of companies registering on the BCP is an encouraging sign of the maintained interest towards BCI and the increasing demand for Better Cotton. A full list of suppliers registered on the BCP is available [here](#). A list of [BCI members](#) can be found on our website.



# MEMBER RESOURCES

Go to [www.bettercotton.org/resources](https://www.bettercotton.org/resources) for a complete list of member-only resources.

- [2019 Annual Report](#)
- [Better Cotton Chain of Custody Guidelines](#)
- [Mass Balance 3 min video](#)
- [Monthly Webinars](#)

For questions, or to provide feedback on this report, reach us at [membership@bettercotton.org](mailto:membership@bettercotton.org)