BCI Better Cotton Initiative
BetterCotton.org

Better Cotton Production & Uptake Report – Q1 2021

For BCI members only

April 2021

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.

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.

CONTENT

1. Better Cotton Production

- Cotton Calendar
- 2019-20 Estimated Production
- BCI Growth
- 2020-21 Estimated Production

2. Better Cotton Uptake

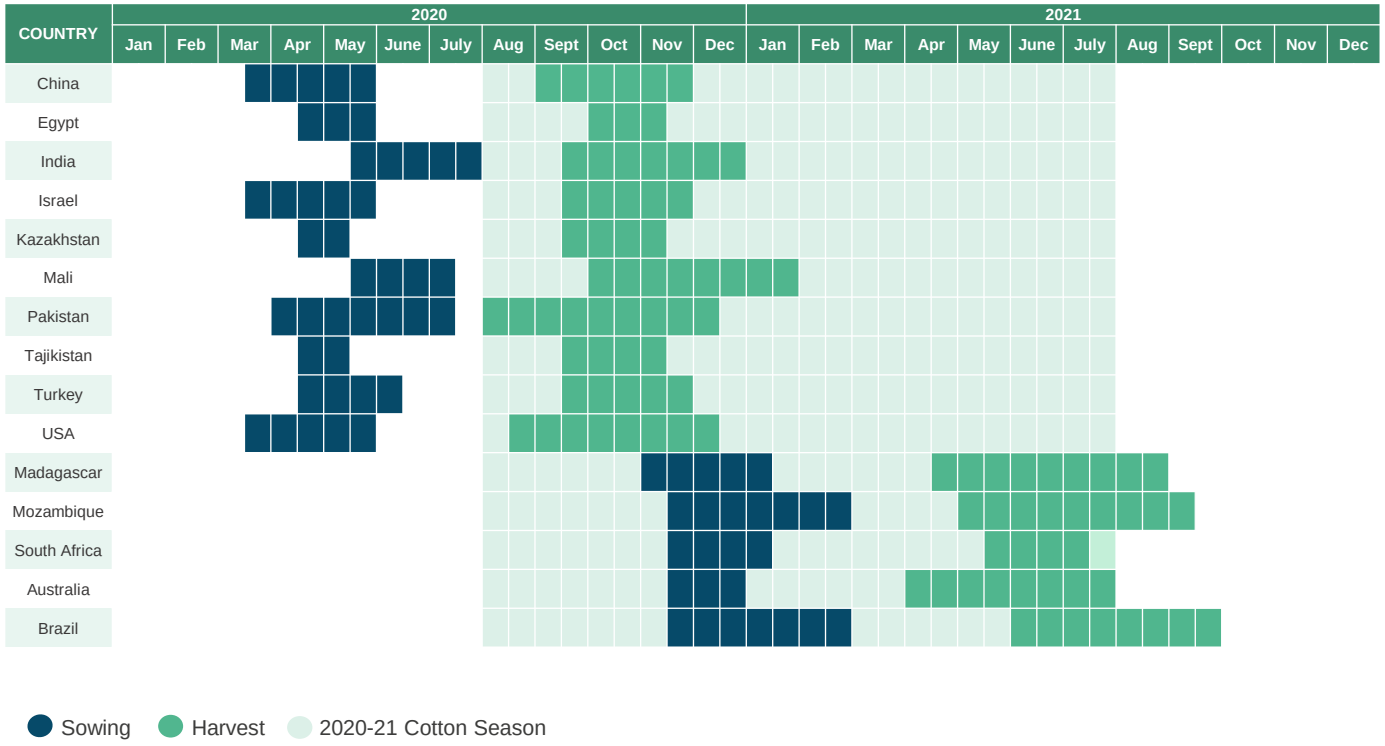
- Definitions
- Ginner Uptake
- Large Farm Sales
- Spinner Uptake
- Fabric Mill Uptake
- Retailer & Brand Uptake
- Inventory Snapshot

3. Membership Numbers

Better Cotton Production

COTTON CALENDAR

SEASON 2020-21



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 ends in the following calendar year with the harvests in the southern hemisphere.

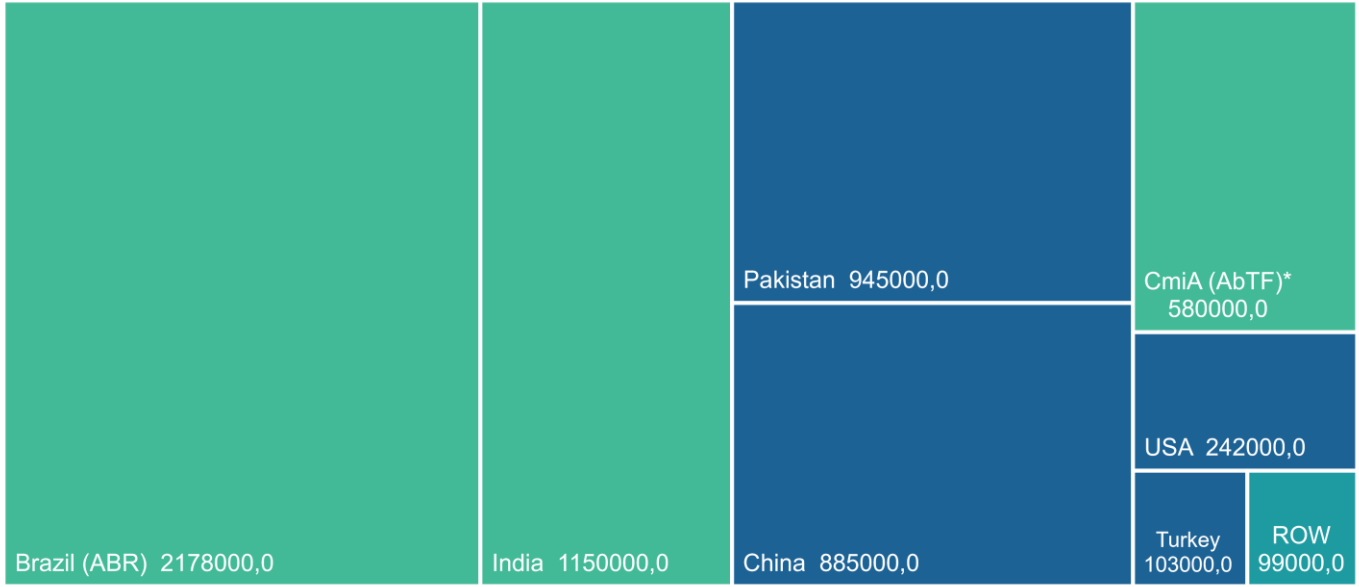
The 2020-21 Better Cotton season will kick off in Pakistan in August. In all northern hemisphere countries (with the exception of Mali), the 2020-21 season will end by December 2020. In southern hemisphere countries, Better Cotton will be harvested over Spring/Summer 2021, with the last harvests expected 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 METRIC TONS (MT) OF COTTON LINT ESTIMATED



- **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*

As the 2019-20 Better Cotton season comes to a close, Better Cotton production is expected to exceed 6 million MT, equivalent to almost 24% of the world cotton production.

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

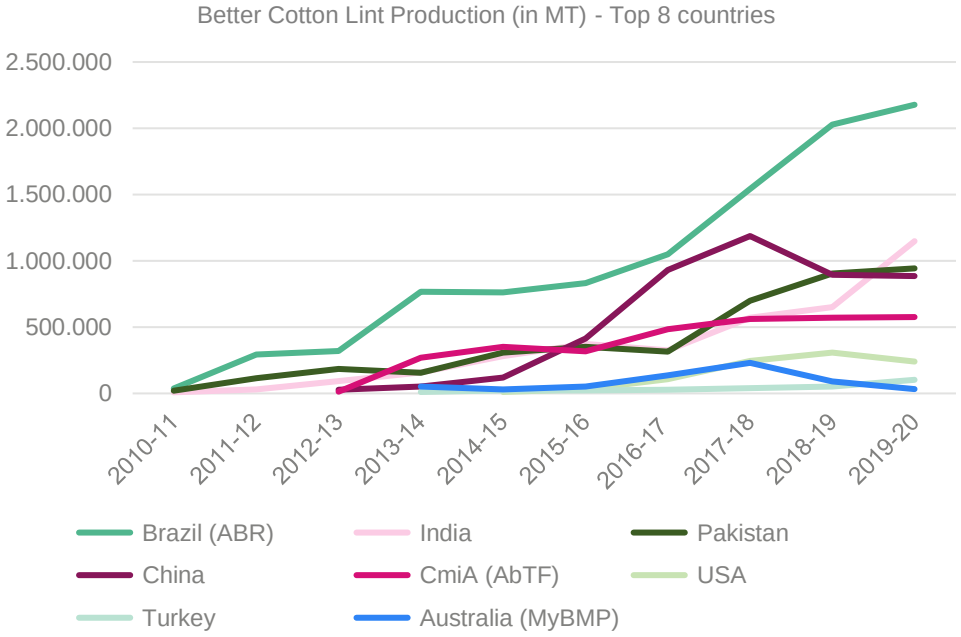
The data represent licenced and post-harvest production estimates.

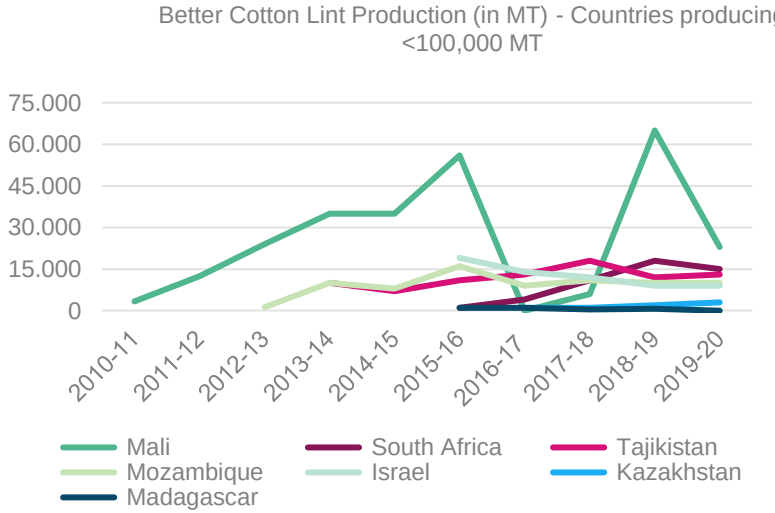
Note: Production estimates for each country are provided by BCI Implementing Partner in each country. Depending on the stage of production, the data will represent early season estimates, late season estimates, licensed figures and final post-harvest figures.

*Cotton Made in Africa (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

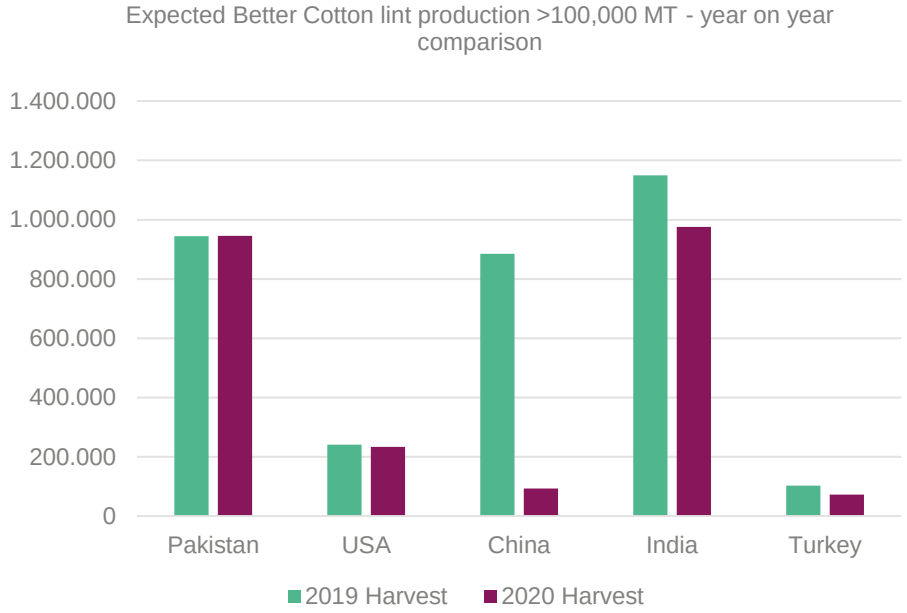


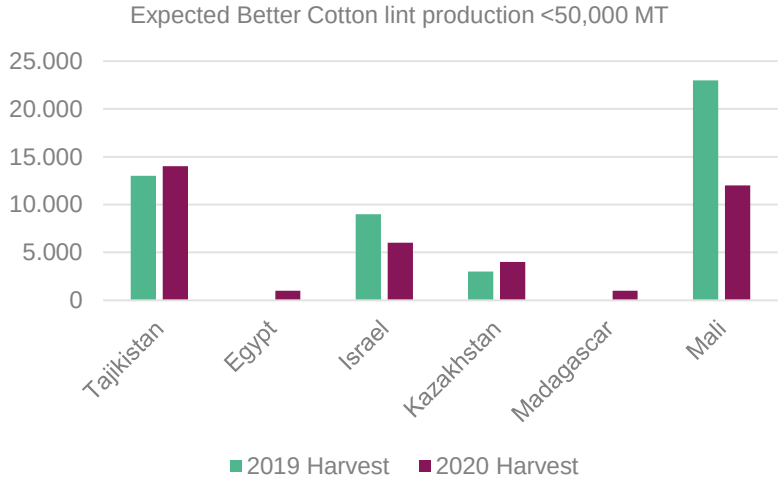


Brazil, India and Pakistan continue to be the top three Better Cotton producers, producing roughly 70% of global Better Cotton. Turkey and India had the greatest expansion in cotton production, increasing 94% and 76% respectively, compared to 2018-19. The decline over the past three seasons in China's production volumes is expected to be offset by the continuous rise in Pakistan's and India's production during the same period, each projected to approach or exceed 1,000,000 MT 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. Egypt officially began implementing the Better Cotton Standard System in May 2020. No Better Cotton was produced in Madagascar in 2019.

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.

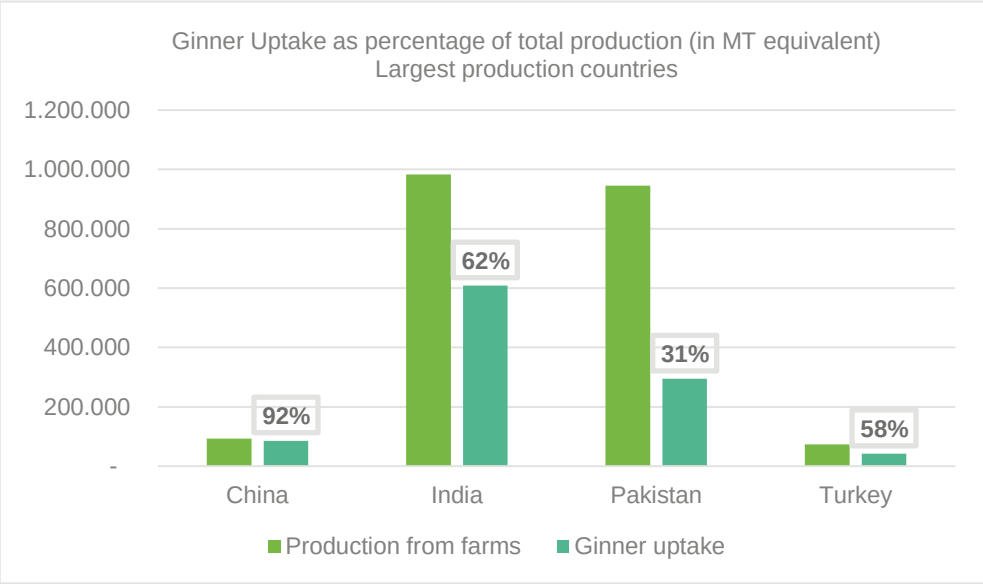
Better Cotton Uptake

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) often broken down by supply chain category and/or 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 lint equivalent (in MT) procured from farms by a ginner processing Better Cotton within a given time period.
SPINNER UPTAKE (LINT)	Volume of Better Cotton lint (in MT equivalent of BCCUs) procured by spinning factories from participating ginners within the relevant time period (monthly, quarterly or annually), broken down by country.
FABRIC MILL UPTAKE (YARN)	Volume of Better Cotton procured from participating spinners by fabric makers and vertically integrated mills 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 a given time period.
MT EQUIVALENT	Unit corresponding to one metric ton (1,000 kg of cotton lint) or 1,000 BCCUs.

GINNER UPTAKE

LARGEST PRODUCING COUNTRIES



Data includes only volumes related to the **season 2020-21** which for these countries has started between September-October 2020.

We do not expect much more changes from now until end of the season.

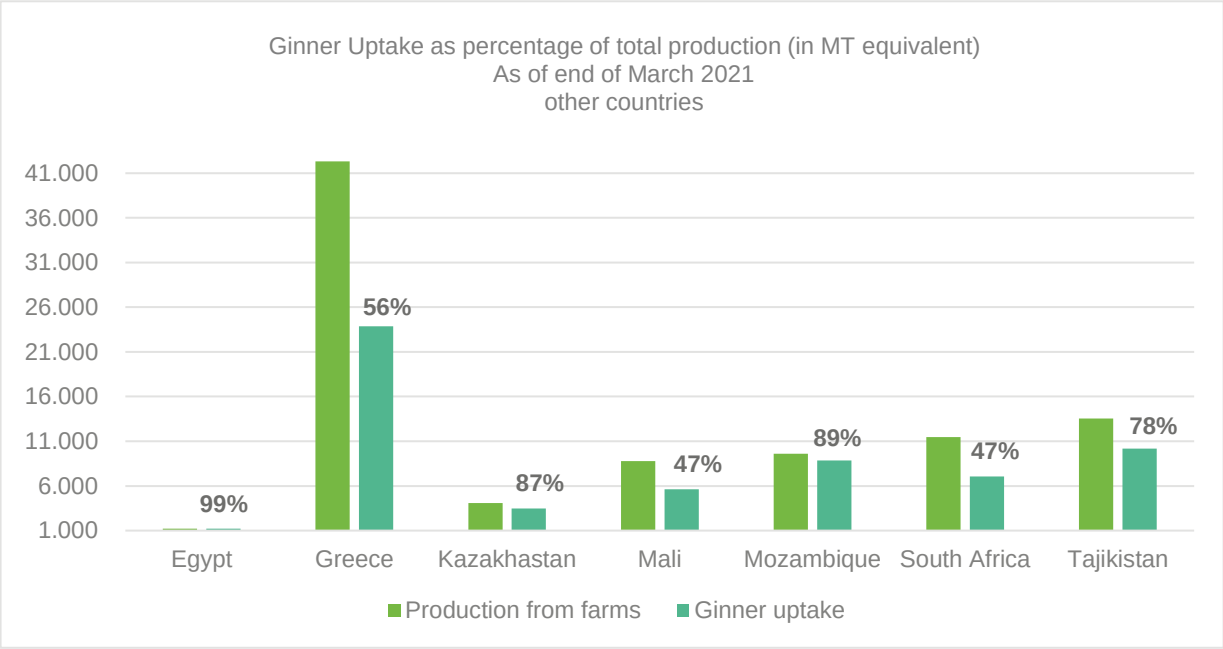
WHY IS GINNER UPTAKE IMPORTANT?

Ginner uptake allows us to see how much Better Cotton has been purchased from farmers* by gins during the season. Working closely with Implementing Partners in smallholder countries, BCI is prioritizing Increased ginner uptake for the 2020-21 season.

*In these countries small farmers sell seed cotton to ginners who process the lint cotton. Gins own the resulting lint bales and market them to spinners and traders.

GINNER UPTAKE

OTHER COUNTRIES



Ginner uptake for South Africa and Mozambique refers to 2019/20 season and these are final rates as the season has now ended.

The Ginner uptake rates for all other countries relates to season 2020/21 which has started between September and December 2020 for these countries. We expect these volumes to keep increasing until end of the season.

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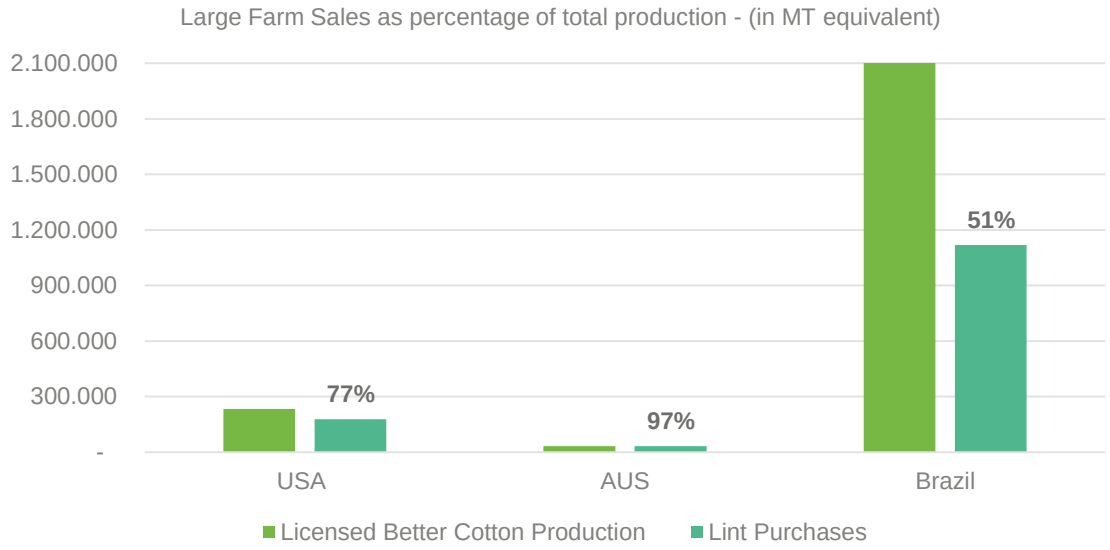
*In these countries small farmers sell seed cotton to ginners who process the lint cotton. Gins own the resulting lint bales and market them to spinners and traders.

LARGE FARM UPTAKE



Southern hemisphere producing countries harvest later in the cotton season and therefore Brazil and Australia sales data relates to season 2019-20.

Australian figures are final as the season just finalized. Brazilian figures may increase some more until end of the season.

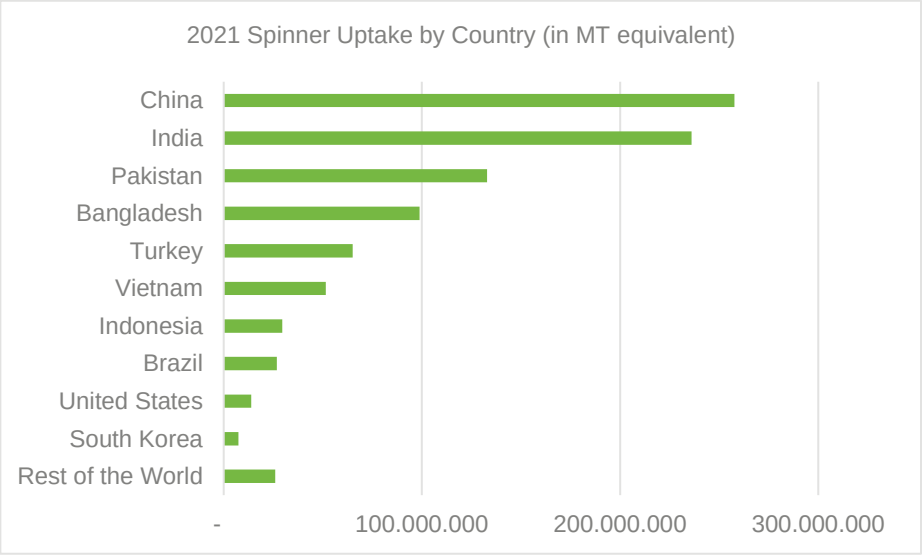
For the USA these figures relates to the new season 2020-21.

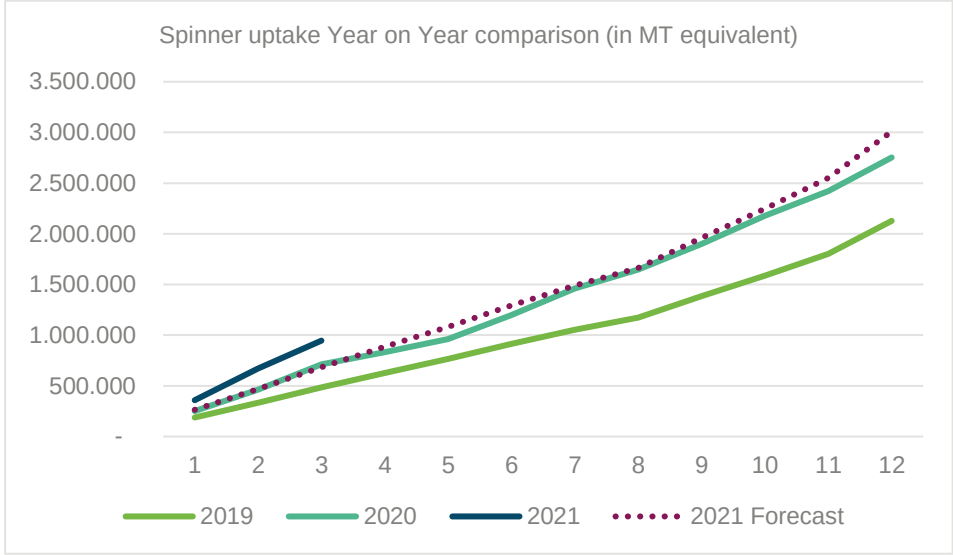
COTTON LINT UPTAKE IN LARGE FARM COUNTRIES

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 resulting bale and typically sells it to a trader. Thus, we measure uptake by the amount of cotton purchased from farms by traders.

SPINNER UPTAKE

CUMULATIVE SPINNER UPTAKE (in MT equivalent) IN 2021





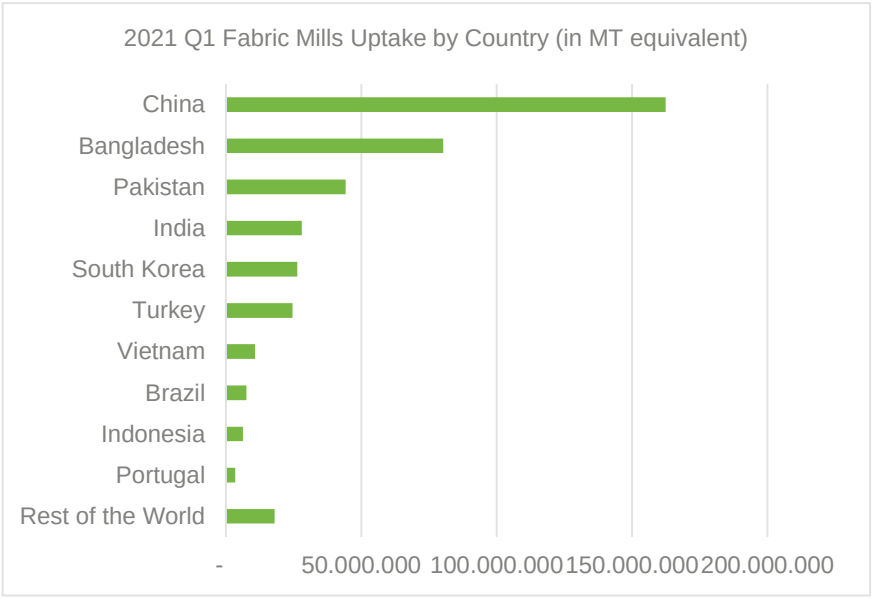
Total: **945.969 MT equivalent**

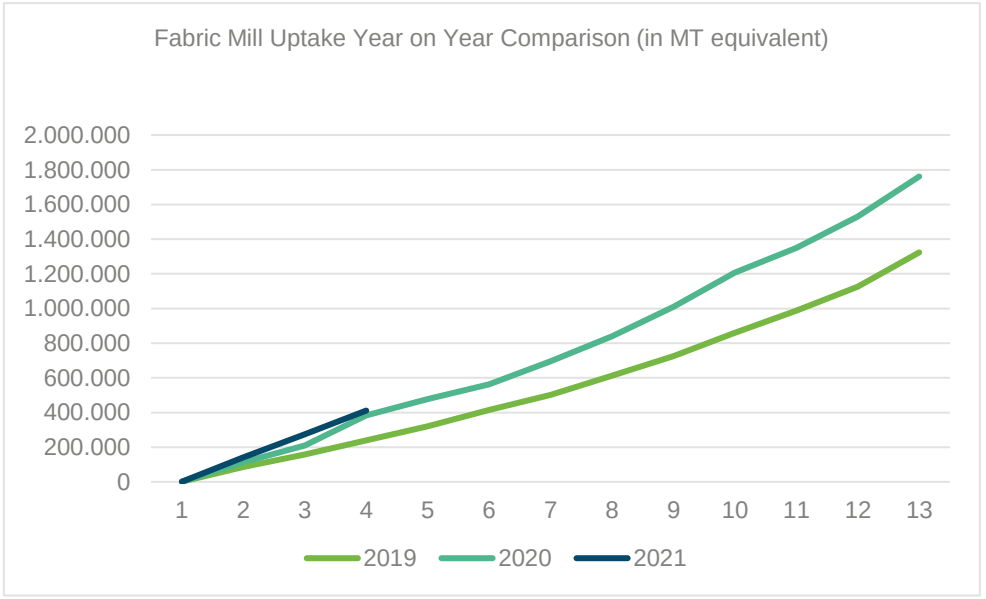
WHY IS SPINNER UPTAKE IMPORTANT?

Spinner uptake shows the volume of Better Cotton sourced by spinners in each country (left graph) and the total volume procured by spinners globally (right graph). This data can help farmers and traders target their marketing of bales, and help new retailers & brands see which markets have the highest levels of spinners sourcing Better Cotton.

FABRIC MILLS UPTAKE

CUMULATIVE FABRIC MILL UPTAKE (in MT equivalent) IN 2021





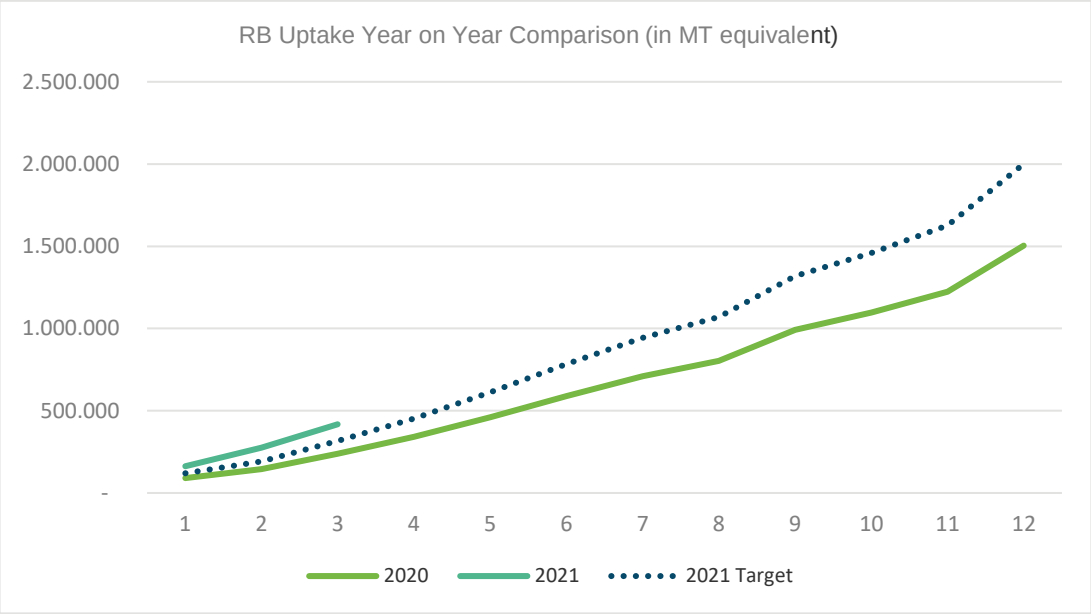
Total: **411.980 MT equivalent**

WHY IS FABRIC MILL UPTAKE IMPORTANT?

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

RETAILER & BRAND (RB) UPTAKE

CUMULATIVE RETAILER & BRAND UPTAKE (in MT equivalent) IN 2021



Total RB uptake by 31 March 2021:
417 MT equivalent

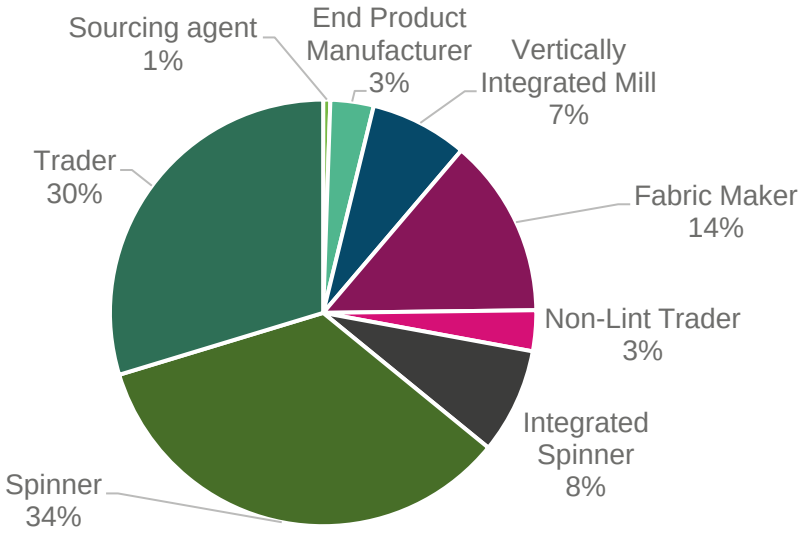
Target for 2021: 2 million MT equivalent

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 2019, Retailer and brand members sourced over 1,5 million MT of Better Cotton, reaching 1.7 million MT at the end of 2020. RB uptake is critical because it translates into funding for farmer training activities, by means of volume-based fees paid to the Better Cotton Growth & Innovation Fund.

INVENTORY SNAPSHOT – BY CATEGORY

BCCU INVENTORY BY CATEGORY AS % OF GLOBAL INVENTORY (April 20th, 2021)



Total: **~ 5.477.000 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. Unlike in other categories, ginner inventories are “zeroed” at the end of every cotton season. Because BCCUs are not accumulated in ginner inventories and it is the reason why they are not included in the Inventory Snapshot. It is important to keep in mind that BCCUs can only be transferred on the basis of a corresponding transfer of physical cotton-containing products. BCCUs’ lifecycle ends after reaching retailers and brands inventories. * This figure is distributed among over 10,000 companies.

INVENTORY SNAPSHOT

INVENTORY (BCCUs) PER CATEGORY BY COUNTRY as of April 10th, 2021 (EXCLUDING TRADERS)

Country	Spinner	Integrated Spinner	Non-Lint Trader	Fabric Maker	Vertically Integrated Mill	End Product Manufacturer	Sourcing agent
Bangladesh	175-300m	5-20m	5-20m	100-175m	50-100m	20-50m	Less than 5m
Brazil	100-175m	20-50m	5-20m	20-50m	5-20m	5-20m	
China	175-300m	100-175m	50-100m	175-300m	100-175m	20-50m	5-20m
India	175-300m	50-100m	5-20m	5-20m	50-100m	5-20m	Less than 5m
Indonesia	20-50m	20-50m		5-20m	Less than 5m	Less than 5m	
Pakistan	175-300m	5-20m	Less than 5m	100-175m	20-50m	5-20m	
South Korea	Less than 5m	Less than 5m	20-50m	20-50m	5-20m	5-20m	
Turkey	100-175m	20-50m	5-20m	20-50m	20-50m	5-20m	Less than 5m
United States	5-20m	20-50m	Less than 5m	Less than 5m	Less than 5m	5-20m	5-20m
Vietnam	50-100m	5-20m	Less than 5m	20-50m	Less than 5m	Less than 5m	
Rest of the World	50-100m	50-100m	20-50m	20-50m	20-50m	20-50m	5-20m
Country	Spinner	Integrated Spinner	Non-Lint Trader	Fabric Maker	Vertically Integrated Mill	End Product Manufacturer	Sourcing agent

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.

Date: 20 April 2021
Total: **> 4.2 million MT equivalent**

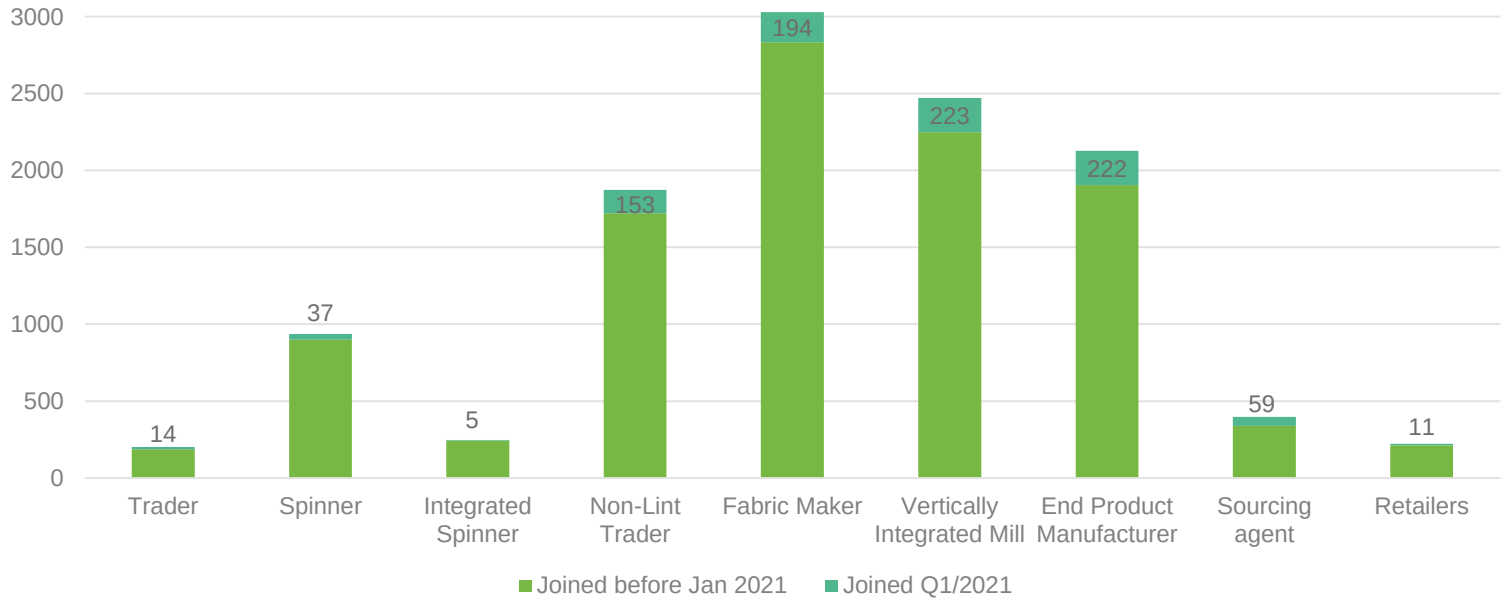
WHY ARE INVENTORY SNAPSHOTS IMPORTANT?

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

Membership and Non-Member BCP Supplier Numbers

BETTER COTTON GLOBAL SUPPLY CHAIN

NUMBER OF COMPANIES (members and non-member BCP suppliers) WITH ACCESS TO THE BCP - MARCH 31, 2021



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 full list of BCI members can be found on our website.

MEMBER RESOURCES

Go to 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

Help us improving this report by completing this quick survey.

For questions, or to provide feedback on this report, reach us at membership@bettercotton.org