

ITMF ANNUAL CONFERENCE IN BREGENZ, AUSTRIA

The International Textile Manufacturers Federation Annual Conference took place from 8 – 10 September in Bregenz, Austria. Taking part in the event for the Bremen Cotton Exchange were President Fritz Grobien and Elke Hortmeyer, Head of Communications. All together, around 200 participants attended the Conference, which provided an interesting state-of-the-art overview and a forum for numerous committees and working groups under the title “Rebalancing the Power between Manufacturing and Retail”.

The programme segment on fibres and textile raw materials, the “Fibre Session”, was opened with a presentation by outgoing ICAC Director Terry Townsend, which provided a detailed insight into the cotton situation. In 2013/14, global spinning mill consumption will reach around 24 million tonnes and polyester prices in China in August 2013 were more than 20 cents/lb below the Cotlook A Index. According to Townsend, the largest decrease in fibre consumption since 2007/08 – three million tonnes – was reported in China itself.

As a result, he concluded that the direction of the world’s cotton industry in the coming years will be very heavily dictated by the decisions made in Chinese cotton policy. In any case, the current accumulation of stocks could not continue for ever. The moment that China stopped buying, prices would fall. With slow sales, prices would remain at a low level for many years. If the cotton were introduced into the market quickly, then prices would fall very quickly and deeply.

Fritz Grobien held a highly acclaimed, quite polarising and critical lecture on „The New Meaning of Sustainability“, in which he looked at future developments in the commodities sector and the textile chain, as well as the subject of accountability. Cotton production, according to Grobien, has made substantial progress over the past 30 years



and now clearly fulfils the fundamental criteria in the

area of sustainability. In cotton production, sustainability is a natural requirement and not a marketing tool.

The Cotton Exchange President said that in addition to the advances in agricultural technology in its production, cotton growing is of enormous economic significance, something which is not always noticed in the textile chain. Around 250 million people are involved in growing and make their living from cotton worldwide, especially in developing countries. Grobien also pointed strongly to the increasing importance of transparency and traceability. This is the future, because transparency and the building block of traceability are becoming more and more important.

Following this presentation, which named traceability as a key criteria in the future discussion on sustainability, Kai Hughes, ICA Bremen and Lothar Kruse of Impetus Bioscience talked about the DNA-based analysis of cotton.



Within the framework of the ITMF Conference, various committees also met, including the Joint Cotton Committee, the Committee for Home Textile Producers and also the Fibres and Applications Committee. The members of the Joint Cotton Committee represent the cotton trade and deal with all aspects from cotton production to marketing. In recent years they have discussed, for example: guidelines for the purchase of raw cotton, harmonisation of rules and contract terms, value differences, contamination, foreign matter, packaging and identification of bales, the Universal Cotton Standards and cotton PR.

The International Textile Manufacturers Organisation, ITMF, is a worldwide membership organisation for textile manufacturers and related industries. Its headquarters are located in Zurich / Switzerland.

MARITIME WEEK 2013

On the occasion of the "Maritime Week" organized annually by the bremenports GmbH & Co. KG the Bremen Cotton Exchange invited again to an "Open Day" in September.

Two guided tours were offered by the approved team of the Cotton Exchange. This was a unique chance for interested visitors to take a closer look at the premises of the "Kontorhaus" (heritage office building) and to learn about Bremen's importance in the cotton industry. During a walk through the building the guests were informed on the historical architectural facts, the history of cotton in Bremen, port handling as well as today's tasks of the Cotton Exchange. Finally, the laboratory as well as the arbitration facilities was visited giving further information on the raw material cotton and its processing.



Staircase of the Bremen Cotton Exchange

The guided tours were well attended. Above all, the visitors appreciated the possibility to touch and feel the world's most important natural textile fibre.

NATIONAL HERITAGE DAY 2013

Since 1993, numerous listed buildings and monuments in Germany have opened their doors once a year, some of which are otherwise not open to the public. Historic buildings, churches, gardens and parks: more than 4.5 million visitors used the opportunity this year to take a long look inside these otherwise partially hidden locations. In total, around 7.500 monuments opened their doors.



„Putti“ - holding the Lamps in the 5th floor

This year the National Heritage Day 2013 took place on Sunday, 8th September. For four years now, the Bremen Cotton Exchange has been among the monuments that have opened. The tours through the historic office building are usually booked up very quickly, and it was no different this year.



Reception of the Bremen Cotton Exchange

Visitors were given the opportunity to discover the architectural features of the Cotton Exchange, together with specialist knowledge about cotton.

INTERNATIONAL
Cotton
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BREMEN 2014
19th - 21st March



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9TH CONGRESSO BRASILEIRO DO ALGODAO



The 9th Congresso Brasileiro do Algodao took place from 3 – 6 September 2013 in Brazil. A total of 1400 registered participants visited the congress, was organized in co-operation by AMPA, ABRAPA and IBA. One subject which was discussed very intensively was the increased occurrence of a new pest, *helicoverpa armigera* (cotton bollworm), which has caused significant damage to Brazilian cotton this season.

In his presentation, Terry Townsend from the ICAC described from an international perspective several concrete problems in Brazil, such as the stagnating cotton yield since 2007, the very high transport costs, compared to for

example the USA, Australia and India, as well as business constraints that are caused by a weak economic climate: Brazil is ranked number 130 in the current World Bank Report. In the cotton sector, 18 ICA defaulters were registered from 2011 to 2013, 15 of which were producers. In addition, there has been no price premium for Brazilian cotton now for several years.



Axel Drieling from the Fibre Institute Bremen e.V. gave a presentation entitled "Global View on Cotton Quality", in which he illustrated the representation of the instrumental classing of fibre worldwide, as well as additionally developing advice for a central Brazilian quality system.

Rodinei Frangiotti, Head of ABRAPA Quality Group, discussed projects to ensure reliable fibre testing in Brazil. Among other things, there is a short-term plan to build a central laboratory in Brasilia to perform re-testing on samples from Brazilian laboratories. Parallel to the cotton conference, there was a large exhibition, which among other things covered the areas of seeds and agricultural chemistry.

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BRAZIL COTTON SITUATION

Brazil's cotton production in 2013/14 is forecast to increase by 1.4 million bales, reaching 7.2 million bales. The forecast is revised upwards in contrast to the much lower 2012/13 cotton harvest, which was severely undercut by a 35 percent decrease in planted area, due principally to disengagement on the part of small-to-medium sized farmers. Since cotton is a high risk-reward crop, many farmers were initially attracted to cotton production with the hopes of higher profit margins. These farmers exited cotton production dismayed with the high capital costs, level of risk, and stringent management practices.

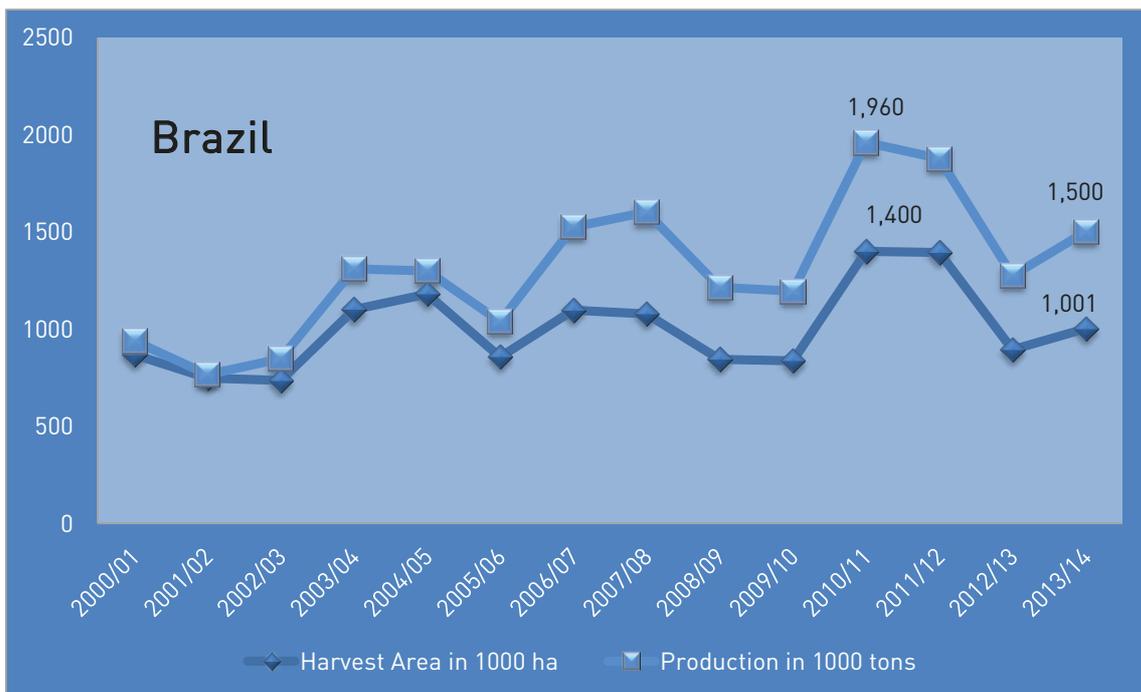
The farmers who stayed in the game for 2012/13 were primarily the large cotton producers, albeit with reduced area. During the 2012/13 season, cotton farmers faced low prices (and hence lower relative profitability), drought for a second straight year in western Bahia, and were hit hard by the caterpillar *helicoverpa zea*, which crossed over from corn to invade soy and cotton fields.

Despite the difficulties of the past season, the harvested area and production are forecast to increase by 25 percent. Behind this growth is a recent surge in prices predicated on the relative size of the global cotton supply. Area is forecast to increase in all cotton-producing states, and notably in both the first crop and the second crop in Mato Grosso. Mato Grosso is forecast to produce 55 percent of the country's cotton.

New seed varieties bred specifically with resistance to pesticides that manage *helicoverpa zea* are expected to bring significant yield increases particularly to western Bahia (6-8 percent), which was the most impacted in 2012/13. Western Bahia is forecast to produce 35 percent of Brazil's cotton. In 2012, the Government of Brazil (GOB) approved five new seed varieties of biotech cotton which should facilitate farm management practices for pest and weed pressures.

The Foreign Agricultural Service (FAS) of USDA has staff in 99 offices in 80 countries around the world. FAS foreign service officers and foreign nationals also monitor and report on agricultural trade issues in an additional 66 countries. FAS overseas offices provide information on international production, consumption, and trade of most commodities of interest to U.S. agricultural producers. It should be noted that production, supply, and distribution data contained in GAIN are not official USDA data, but represent estimates made by FAS Attachés.

Source: USDA GAIN Report



Graphic BBB

Source: ICAC



REVISION: LIST NO. 346 OF SEP 23, 2013

[Change since list no. 345 of 10 September 2013]

List of firms reported to have failed to fulfil awards resulting from Arbitrations conducted by CICCA* Member Associations.

ADDITIONS / ERGÄNZUNGEN

| | | | | |
|------------------|---------------------------------|-----------|----------------|----------|
| Brazil | Santana Textil Ltda | | Sep 11 2013 | BBM |
| Brazil | Santana Textil S/A | Horizonte | Mar 19 2013 | ICA |
| Indonesia | PT Unilon Textile Industries | Bandung | Jul 17 2013 | ICA |
| Pakistan | Bashir Cotton Mills Limited | | Sep 08 2013 | ALCOTEXA |

DELETIONS / STREICHUNGEN

| | | | | |
|--------------|----------------------------------|---------|----------------|-----|
| India | Centwin Textile Mills (P) Ltd | Tirupur | Oct 20 2009 | ICA |
|--------------|----------------------------------|---------|----------------|-----|

*] Committee for International Co-operation between Cotton Associations, Liverpool / Great Britain

ALCOTEXA = Alexandria Cotton Exporters Association
BBM = Bolsa Brasileira de Mercadorias, Sao Paulo/BR
ICA = International Cotton Association, Liverpool/GB

Complete list on the Internet: <http://www.baumwollboerse.de>

Reference Rate EuroFX



BREMEN COTTON MARKET

ELS COTTON COVERED FAR AHEAD

The Cotlook A and the CIF Bremen Index quotations moved again more or less sideways like in most of the previous months. At the local market the processing industry seemed to be well covered for the rest of this year. In part the inquiries for the fourth quarter were for price testing or with the intention to look for nearby bargains. The weaker Dollar and more attractive cotton prices in Euro might be a reason for a more active business for delivery dates more ahead than in the weeks before. Besides medium staple cotton from African or Central Asian origins especially contracts in coming European crops were agreed for supplies within the first half of next year. A similar remarkable development in demand was recognized also in the Extra Long Staple cotton market. Expected tight supplies and increasing prices motivated spinning mills to cover already for deliveries up to the second half of next year which could perhaps considered as a sign of increasing trust to the economic outlooks.

Contracts were concluded for:



- **Medium staple cotton:**

For prompt delivery cotton from **Central Asia**, from **West Africa** for the 4th quarter 2013 and the 1st quarter 2014, from **East Africa** for the 1st quarter 2014, from **Greece** and **Spain** for delivery in the 1st and 2nd quarter 2014. .

- **Long and extra-long staple cotton:**

USA Pima for the 4th quarter 2013 as well as the 1st, 3rd and 4th quarter 2014, **Israel Acalpi** for the 1st and 3rd quarter 2014, **Israel Pima** for the 1st up to the 4th quarter 2014.

BREMER WERTDIFFERENZEN / VALUE DIFFERENCES

Die Wertdifferenzen der Bremer Baumwollbörse laut Beilage Nr. 2/13 zu unserem Wochenbericht Nr. 29/30 vom 01. August 2013 bleiben bis auf weiteres in Kraft.

The Value Differences of the Bremer Baumwollbörse as per enclosure No. 2/13 to our Bremen Cotton Report No. 29/30 of August 1st, 2013 were not altered and remain in force until further notice.

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