

Popular Fibre Session Highlights Opening Day of ITMF Conference

Global supply and demand, sustainability, and DNA-based cotton analysis in focus at yearly event.

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By Mike McCue



Fritz Grobien
Bremen Cotton Exchange



Terry Townsend
ICAC

The Fibre Session is one of the most eagerly awaited highlights of each year's conference of the International Textile Manufacturers (ITMF), and this year's discussion exceeded even those lofty expectations. Presentations focused on global cotton supply and demand, as well as sustainability and DNA-based cotton analysis.

The expert panel featured Terry Townsend of the International Cotton Advisory Committee (ICAC), Fritz Grobien of the Bremen Cotton Exchange, Kai Hughes of ICA Bremen, and Lothar Kruse of Impetus Bioscience.

Highlights of the session included the following observations:

The global cotton stocks-to-use ratio, which has historically hovered around 50% (six months of mill use), is currently at 64%. China's purchases have been driving those ratios higher and they could reach 80% in the near future -- the highest they've been since the Great Depression. Cotton prices haven't dropped despite the oversupply, however, because once China's stocks and mill usage are removed from global totals, the stocks-to-use ratio is currently near the historical average. Cotton prices are expected to remain in the normal range (between 85 and 126 cents) in the coming season. In 2013/14, production will once again surpass consumption, so

stocks should reach 19 million tons by the end of this season.

Again, China's activity prevents the market from reacting to fundamentals the way it has in the past. While it's usually a negative to see cotton mill use declining, cotton prices have remained relatively high because mill use outside of China is rising. In value terms, global cotton mill use reached about \$20 billion in the early 2000s and has been climbing since, despite market distortions. Even though cotton's share of the fiber market is declining, consumer demand remains strong.

Regarding sustainability, the emphasis was on the cotton industry's need to focus on issues above and beyond sound bytes and press clippings.

"Sustainability is not just a marketing tool; it's simple common sense. In addition to cotton's environmental impact, cotton production and consumption have major societal implications. About 250 million people around the world are involved in various sectors of the cotton supply chain, which plays an especially important role in developing countries.

"We need to protect our environment," Grobien said. "We -- the cotton and textile supply chain -- must deliver responsibly made fabrics in a transparent and traceable fashion."

Accountability for cotton's environmental and societal impacts used to be tied only to the end product, he continued, but now it extends to the raw material those products are made from. Consumers want to trust retailers without worrying about sustainability, but when there are problems, they will seek information on who's accountable, Grobien said.

"We need to be a one-stop shop for traceably sourced, certified cotton and textiles, with sufficient backup in terms of documentation, reporting, financing, market information, media and public relations assistance," he concluded.

McCue is the editor for Cotton International magazine. A 20-year veteran of the national trade press, he joined CI in 2010. During his career, he has won a variety of editorial awards for covering industries such as food and drug packaging, the U.S. healthcare system, and sales and marketing management.