



COTTON OUTLOOK

NEWS • DATA • ANALYSIS



The Future of Cotton

ICA Trade Event: Dubai 2025





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Contents

 Welcome to ICA Dubai!	4
<i>Benedict Turner</i> , Trade and Markets Reporter, Cotton Outlook	
 The Future of Cotton	6
<i>Bill Kingdon</i> , Managing Director, International Cotton Association	
 Interview with ICA president	10
<i>Pierre Chehab</i> , Head of Cotton for Europe, Louis Dreyfus Company	
 The Evolution of Vietnam's Textile Industry	14
<i>Stephen Doyle</i> , Business Director, Vigotex	
 Cotton: Natural Fibre in the Age of Microplastics	18
<i>Elke Hortmeyer</i> , Director Communications Bremen Cotton Exchange, Chair DNFI	
 Liverpool Commodity Trading Hub: Fostering Emerging Talent	22
<i>Mat Halsall</i> , CEO Oromo Consultants, Programme Leader - Liverpool Business School Commodity Trading Hub	
 Overview of the Global Cotton Market	26
<i>Alice Robinson</i> , Deputy Editor, Cotlook Ltd	

Advertisers

Cargill	2	Artigas do Brasil	21
ICT Cotton Limited	5	LD Commodites	27
Jess Smith	11	Rekerdres	28
Mallory Alexander	13	ACSA Institute	29
Staplcotn	15	TransGlobal Inspections	31
Wakefield Inspection Services	19	BeCotton	32
Nicot	20		



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Welcome to ICA Dubai!



Benedict Turner

Trade and Markets Reporter
Cotton Outlook

The theme for this year's International Cotton Association Trade Event is 'The Future of Cotton' and Dubai could hardly be a more fitting venue. Welcome!

Today's global trade environment is quite unlike the one that provided the backdrop to last year's meeting. Over the past six months, shifting trade policy has brought opportunities and challenges for all of those in the cotton industry, regardless of their place in the supply chain. Yet trade policy has not been the sole concern: we continue to face the issues of draft EU legislation that threatens to unfairly penalise cotton fibre use, the increasing prevalence of polyester, and a market that lacks energy, both in terms of price direction and demand.

This is precisely why gatherings such as ICA's annual Trade Event remain essential. While our sector is embattled on many fronts, successful initiatives have nonetheless emerged from recent meetings, such as the alignment of many in the industry with the Make the Label Count campaign. At Cotton Outlook, we hope this Special Feature will contribute to another successful event and support our shared endeavours for cotton's future.

We would like to sincerely thank all our contributors, as well as the ICA Secretariat and the Managing Director, Bill Kingdon, without whom this publication would not be possible. Enjoy your time here in Dubai!





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The Future of Cotton



International
Cotton
Association

Bill Kingdon
Managing Director
International Cotton Association

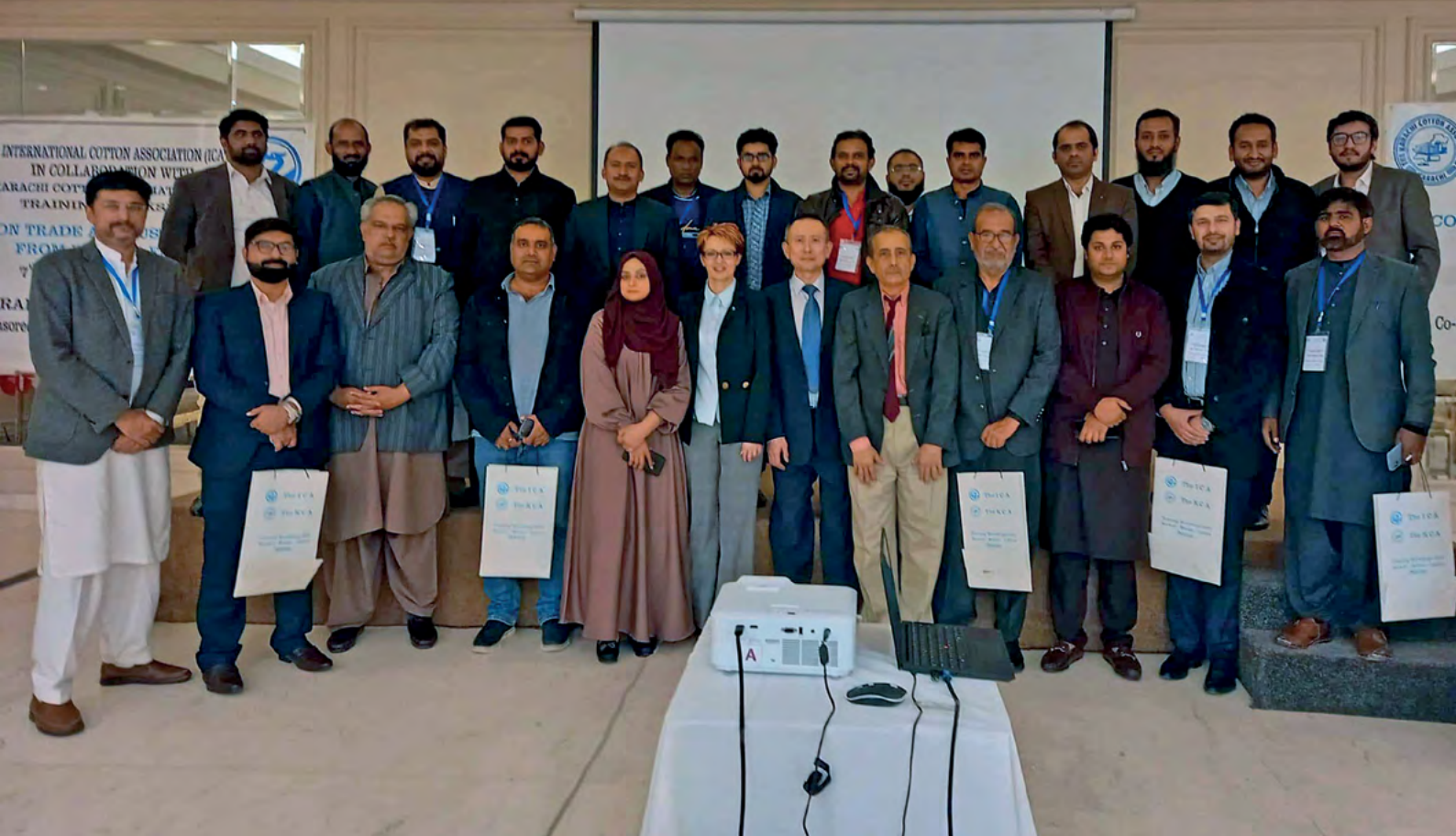
The theme of this year's trade event, The Future of Cotton, could not be more relevant to our industry today. From emerging legislation, uncertain tariffs to difficult trading conditions, the changing impact of sustainability regulations and the competition from new fibres, the future of our industry depends on our ability to collaborate to ensure success. And international collaboration has been a focus for us at the ICA this year.

Last year, both the ICA and ICA Bremen signed up to Make the Label Count (MTLC), which is a campaign by a coalition of natural fibre organisations working to ensure the new EU legislation on sustainability and 'green claims' is fair and credible. We took a leading role in promoting participation across the cotton sector. EU green claims and sustainability legislation may yet threaten natural fibres. The MTLC campaign is now gaining traction in addressing the more egregious aspects of these initiatives.

The international cotton community is improving our collaboration, notably in addressing threats from micro-plastics and non-biodegradable competitor fibres.

To reinforce our support of natural fibres, ICA joined the Discover Natural Fibres Initiative (DNFI) - a platform for the natural fibres stakeholder community, which is made up of individuals and organisations from around the world who voluntarily and independently share information about natural fibres. Membership enables greater access to positive information on natural fibres and partnership with a group that shares this interest.

It has been another busy year of ICA outreach. In February we travelled to Pakistan to deliver 'Trade & Quality Matters' training to over 170 delegates in Karachi, Multan and Lahore. This was carried out with the support of the Karachi Cotton Association and led by Dr Robert Jiang, supported by Jamie Welsh and Casandra



German. In late 2024 we held outreach training in Mumbai, and the President, Mrs Kim Hanna, led a workshop for mills and agents in Kahramanmaraş, Türkiye in November. By the time this article is published, we will also have returned to Kahramanmaraş to provide 'Trade & Quality Matters' training to the Turkish cotton community.

In June this year we held a Trade & Quality workshop for 30+ delegates from across China to the Qingdao Free Trade Zone. This port city handles more than 75 percent of the cotton imported to China and holds a unique position in global trade. Delegates came from as far as Beijing, Henan and Shanghai. Dr Robert Jiang and Kevin Xue presented on contracting, performance, logistics, quality, classing, instrument testing, arbitration, membership and textiles. Ms Pan Zhiyan (ICA Liaison Officer in China) organised both the venue and a visit to a cotton warehouse.

We had 31 international delegates successfully complete the ICA's Complete Cotton programme in Liverpool, UK, in late April. They represented 16 countries and 22 percent of this year's cohort were female.

Complete Cotton is a unique opportunity for individuals from the cotton community, or those new to the industry, to learn about the raw cotton trade from some of the world's leading professionals and build lasting relationships. The feedback from delegates was extremely positive.

The Women in Cotton (WiC) Committee continue to build towards their mission; to promote diversity and inclusion by giving women a stronger voice. Also to increase the engagement and impact of women in the global cotton community. The WiC Brazil regional group is rapidly growing and energetically promoting diversity within the Brazilian cotton industry. Regional WiC groups in both Australia and the US are also now providing impetus and focus to this task. Now available on Instagram, be sure to follow @womenincotton to keep engaged with the latest stories, news and photos.

The ICA's podcast, The Thing About Cotton, is possible only through the organisational skills and energy of the WiC group. Eleven episodes have been recorded already, with over 3,000 listens to date. The podcast explores the anatomy of the cotton value chain and brings awareness



to the industry through highlighting, in particular although not exclusively, female leaders and their achievements. There are some fantastic episodes which can be a real source of value to the industry, including Episode 2 with Eva Bille as she introduces the emerging EU legislation and its impact on the global supply chain, and Episode 8 with ICAC's Eric Trachtenberg as he builds the case for cotton as a global public good. If you haven't subscribed and listened already, I urge you to do so.

ICA Bremen, our joint venture company, continues to prosper. There are currently 12 ICA Bremen certified laboratories located across the globe. The ICA Bremen laboratory is secure in its reputation as the international cotton testing reference laboratory. Izmir Ticaret Borsası Laboratory in Türkiye was the most recent to receive the certification. ICA Bremen annual Classing and Testing training was attended by 11 delegates in May. The six-day programme concentrates on quality issues in raw cotton, with this year's programme featuring new content to keep it both current and interactive.

ICA membership remains strong at 650 members from 37 countries. This year we have introduced an ICA Executive Partner Membership for companies to grow their business amongst the global cotton community. It is intended for enterprises who supply services to the cotton trade and wish to support the work of the ICA. We are delighted to see our first members sign up this year.

During our trade event in Dubai, we will be launching a new ICA Membership Ambassador scheme. This scheme encourages existing members to promote ICA membership to their networks. For every three member

The thing about cotton...

A podcast from the International Cotton Association

International Cotton Association

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WOMEN IN COTTON

firms recruited within a calendar year, the Ambassador will receive free ICA membership for the following year. We hope this scheme will help expand our reach and enable our safe trading message to be spread further into the cotton community.

The ICA team is also working to implement a new CRM. Phase 1 will run over the next 6-12 months, during which a new membership database system will be introduced and linked to our finance system. A key goal is to facilitate members having easier access to their membership information and supporting online member renewals. Follow-on stages of the project will aim to integrate our event-management and arbitration systems.

It has become clear that ICA has not published a strategy as far back as we can

remember. We are embarking on a board-led strategy review which will include a board strategy meeting in Dubai ahead of this trade event. ICA officers selected Mr Uday Gill of Gherzi Consulting to support and facilitate this, and we look forward to developing an ICA strategy in 2026.

It has been a year of difficult trading conditions, with uncertainty, shorter timelines, poor demand, low prices and a suppressed textiles sector amongst many contributing factors. We have seen a rise in cotton disputes and increased demand for arbitration. Yet arbitration applications are currently fewer than in 2024 and in a historically 'normal' range.

The future of cotton needs us to unite in continued collaboration and I hope Dubai 2025 will be the perfect platform to do so.





Interview with ICA president

Pierre Chehab

Head of Cotton for Europe,
Louis Dreyfus Company

Cotton Outlook: Many congratulations on your accession to the post of ICA President. Can you tell us a little about your journey from the beginning of your career to this point?

Pierre Chehab: It is a great honour to assume the role of President of the International Cotton Association.

When I began my career in 1989, I never imagined that one day I would hold such a position within what was then known as the Liverpool Cotton Association. At that stage, simply attending the Association's formal dinner, together with its traditions and ceremonial aspects, was already a significant milestone for me as a trainee.

Now, 35 years later, I reflect on my professional journey with gratitude for the privilege and opportunity of having served such reputable companies as from my early training (which included some time in Liverpool!), through my tenure at Dunavant,

and in my current role with Louis Dreyfus Company, living both in Singapore and Geneva.

Throughout my career, I have been consistently grateful to the cotton industry and the outstanding professionals I have had the pleasure to meet and work alongside. Their guidance and collaboration have been invaluable in my professional development.

The commodities market — and the cotton sector in particular — has always been characterised by unpredictability; long-term plans rarely unfold as expected. My experiences started from my training in Memphis and Texas with the aim of selling US cotton to, at that time, an active European textiles sector, to immediately switching to new opportunities in Ukraine following the break-up of the USSR.

The era marked by the fast opening of these CIS markets was truly transformative - a period when creativity and adaptability

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in terms of contract terms, financing, and logistical ingenuity were essential. Today, it just sounds surreal, but I still recall considering lifting cotton bales by air freight! I also remember employing more security staff than commercial workers in my Dushanbe office. Times were certainly different.

Those years represented a golden age for CIS exports. Fast forward and it is surprising to now be discussing cotton shipments into Uzbekistan!

Simultaneously, we witnessed the rise of Asian textile manufacturing, driven by China, India, Bangladesh, and Vietnam. My seven-year assignment in Singapore provided firsthand insight into the momentum and vitality of this shift.

Today, Brazil stands out as one of the major forces in the industry, exemplifying remarkable growth and professionalism.

I have been fortunate to engage with all facets of the cotton sector - from supporting producers through financing and ginning, to facilitating global logistics - and of course taking advantage of evolving market opportunities. Selling West African cotton to Russia in 2000 was an example of overcoming considerable challenges against all odds, but we did it! Though getting payment was a different story...

Looking ahead, we need to find our new frontier for cotton! As an example, there is growing discussion about Africa initiating a move towards the spinning sector. It is important that our industry supports these advancements to ensure ongoing vitality and innovation.

As President of the ICA, it remains my distinct privilege to contribute to the Association and to give back to the industry that has played such a pivotal role in my career.

CO: You assume the role during a protracted period of range-bound prices in the international market, but great upheaval in terms of trade policies and international relations. In that context, what are the major issues that ICA is likely to face during your term in office, and what are your expectations for the rate of arbitrations in the coming year?

PC: Prices have consistently stayed within the upper 60s range for almost a year. The extended absence of any significant major trend makes it interesting to examine the elements that have contributed to such a fact.

This follows a sharp decline after the previous strong V-shaped recovery post-Covid. This decrease was mainly the result of end-product stock building but was also influenced by rising interest rates after a long period of low borrowing costs. That combination has resulted in delayed execution of high-priced contracts (if not a complete stop) as local financing became more expensive and, de facto, limited access to foreign currencies in several consuming countries. Political instability in Bangladesh and tensions between India and Pakistan have also contributed to exacerbate the situation and impacted performance. Additionally, uncertainties about tariffs have led buyers to purchase only minimal volumes rather than pursue expansion until, at least, a certain clarification occurs.

Although some high-priced contracts have been executed or resolved through volume averaging or contract breaches, others remain unfulfilled as we speak. Ultimately, shippers may need to decide whether to proceed with ICA processes as they cannot accept the cost of indefinitely rolling these unfulfilled volumes.

We all share the opinion that reaching an agreement is always preferred over arbitration. However, it is not always possible and it appears that further arbitrations may occur, which could present again new challenges for the industry.

As incoming ICA President, I would be happy to be proven wrong but, unfortunately, I expect my fellow arbitrators to remain busy and committed in the coming months.

CO: The theme of this year's ICA event is 'The Future of Cotton'. Given cotton's declining share of the global fibre market, and the predominance of man-made fibres in textiles and apparel production, how do you envisage cotton being promoted as the preferred fibre of choice?

PC: An analysis of the data reveals that, in absolute terms, both cotton consumption and production have remained stable at approximately 25 million tonnes in recent years. However, overall textile consumption has risen significantly, resulting in cotton use now standing in the low 20s for percent of total volume.

Given cotton's significance to society and the economy, it is imperative that we work to safeguard this vital commodity. Despite ongoing criticism of man-made fibres (mainly concerning pollution by microplastics) by various stakeholders, our constant efforts to position cotton as the premier natural fibre - highlighting its economic importance and the livelihoods of farmers - have not been fully successful.

Man-made fibres have always been supported by dynamic research and development and, also, the ease of use. So, there is no real surprise that they continue to grow in volume and interest. In contrast, cotton presents a variety of qualities and specifications that require careful management and proper blending. Rather than viewing synthetic alternatives solely as competition, there is value in recognising the complementary relationship between cotton and man-made fibres, as reflected in numerous yarn combinations available today.

Nonetheless, it remains crucial to strengthen and maintain constant advocacy for cotton, associating all related stakeholders, ensuring its continued recognition and status as a primary natural commodity.

CO: As well as serving on the ICA board, you were also on the board of the Better Cotton initiative. How do those roles intersect, and what might your experience with Better Cotton bring to your vision as ICA President?

PC: From my four years on the Better Cotton board, I'm even more convinced



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that sustainability is a non-negotiable for the industry and cannot be disassociated from sanctity of contract. Our real mandate, if not mission, is to provide BC consumers with full transparency and traceability in their purchases. Brands and retailers are certainly committed to support their social and environment footprints. Simultaneously, customers deserve the same assurance that the entire supply chain (starting with farmers) receives fair compensation related to our commitment to ethical practices. This would make the term 'sanctity' fully recognized with no party having taken advantage of another at any time during the process.

Finally, by considering the ICA List of Unfulfilled Awards when managing their own members, BC has been instrumental in successfully resolving several awards and supporting contract sanctity.

This just shows that promoting greater cooperation between all stakeholders will enable a smoother expansion of the whole industry in a fair and safe environment.

CO: Lastly, what are you most looking forward to during the year, and what are your main aims, from both a professional and personal perspective?

PC: We have many challenges in front of us, with new variables, such as tariffs, being added to existing postulates and constraints. The introduction of these tariffs has definitively required the market to reassess established flows.

The net result is that the current pattern combined with present slow market activity has led to a standstill for many participants.

There is no doubt that the last market drop associated with this slow demand has led to several issues which require the ICA to show its values and potential.

My goal during my presidency is to clearly and publicly communicate that the ICA should be viewed not as a policeman, but rather as a protector of safe trading. In this sense, the primary message remains to encourage participation and engagement across all segments of the supply chain - starting from farmers to full inclusion of brands.

This approach to fostering collaboration while addressing the specific needs of each group really stands as the only way forward to support the global interests of the cotton industry.



The Evolution of Vietnam's Textile Industry

Stephen Doyle
Business Director
Vigotex

Over the past twenty years, Vietnam has experienced a rapid rise to the upper echelons of the global textile trade. The country currently sits alongside Bangladesh as one of the biggest importers of cotton, while also being one of the largest textiles and garment exporters in the world. So what has been the model which has enabled such growth given the shifting sands of global trade politics, and what lies in store?

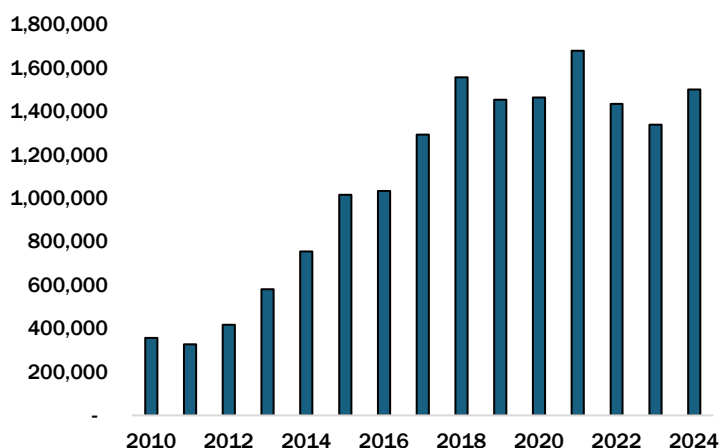
Foundations of growth

From a cotton point of view, Vietnam's growth started back in the 2010s, since when it has increased its imports of cotton over fourfold, from around 350,000 tonnes in 2010 to 1.5 million in 2024. The explosion of cotton usage was based around significant and sustained foreign investment from a number of countries, most notably China. Considerable investment also came from

Taiwanese and South Korean companies, while more local, privately-owned mills emerged too. This created the international spinning arena we see today in Vietnam.

The composition of the spinning industry in the country may come as a surprise to casual observers - only around 25 percent of the cotton consumed in Vietnam is by locally

Vietnam raw cotton imports (tonnes)



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owned mills. A huge 50 percent is spun by Chinese-owned enterprises and the balance (25 percent) split between Taiwanese and South Korean-owned entities. Despite the different nationalities, the focus for supply revolves very much around the same type of cotton - namely machine-picked styles from Brazil, the US and Australia. Each year around 90 percent of the cotton imported into Vietnam is from these three origins.

So what prompted all this investment in spinning? Whether Vietnamese, Chinese, Taiwanese, or South Korean, the incentives and goals were very similar - to supply China with yarn. It made sense for Chinese spinning mills to expand beyond the boundaries of their country into Vietnam, thus eliminating the unpredictability of cotton import quota, while taking advantage of the competitive running costs of a nation that bordered their own. These mills had ready-made selling or vertically integrated structures in China to funnel back the yarn made in Vietnam. Other overseas-owned enterprises also thrived with the competitive costing and comparatively abundant labour of the Vietnamese workspace. As such, yarn exports to China exploded.

Vietnam's model was set - international investment in spinning; machine-picked cotton imports; contamination-free yarn exported to China. While spinning mills in China had to contend with cotton import quotas, high domestic lint prices, rising labour costs and labour shortages, those in Vietnam had found a relative sweet spot just next door. This perhaps came to a crescendo during the 2020/21 season, as the world lurched into the chaos of Covid. Vietnam's initial handling of the crisis was lauded, and it enabled industries to remain open at a time when their counterparts in China were under extensive lockdowns. Mills based in Vietnam were therefore able to run hard to fill the subsequent gaps within the supply chain.

Once started, better to finish

'We start the product and finish the product': a phrase often explained to me in different guises by industry locals in Vietnam. As the country ramped up its spinning of yarn, the opposite end of the textile chain also shifted into high gear.

The downstream production of garments (produced mainly from imported fabric) received a couple of significant boosts in the noughties - a bilateral trade agreement with the US in 2001, and Vietnam's WTO membership in 2007. The subsequent development over the past decade has been spectacular. A plethora of free trade agreements have followed, with textile and garment exports now forming an integral part of the country's GDP and the sector becoming a major employer of the nation's workforce. Without question, both upstream procurement and downstream finishing have been development success stories - but where is the midstream in Vietnam?

Losing the thread

The 'piece' in between spinning and finishing has always seemed to belong to somewhere else, more specifically China. The knitting, weaving and dyeing midstream did not see the turbo-charged rise in Vietnam that cotton spinning and garment finishing enjoyed. Instead, the vast majority of yarn produced exited the country to return later as fabric. This gap in the chain has come into much sharper focus over the past couple of years.

Stakeholders in Vietnam's textile chain have long felt the need to lessen the reliance on other nations for both supply and demand, and to work to close this gap domestically. The weakness in the chain is stark - China is the dominant force in both the buying of Vietnamese yarn and the supplying of fabric. The US is the major buyer of Vietnam's finished garments. This reliance on two countries at opposing ends of the latest edition of the trade war is far from ideal.

China's recent economic slowdown has had a direct impact on the spinning sector in Vietnam - particularly for those who only spin, with no further integration in the value chain. These mills have struggled to turn a margin as demand has been mediocre at best. Many feel the tried and trusted model of having China as their only customer no longer works for them. The need for alternative yarn markets has never been more pronounced. Garment makers are also feeling the effects of an over-reliance on China, as the fabric they consume comes

under the spotlight of tariff scrutiny for subsequent garment export to the US. The spectre of ‘transshipment’ is something that causes unease and confusion. Will value added goods by Vietnam in the cut, make and trim (CMT) area of production continue to avoid the increased ‘transshipment’ tariff rate? Or will the goalposts move, making the addition of more value to Vietnam’s part of the production chain even more crucial? If so, the need would indeed be urgent given the country’s reliance on the US – that nation currently represents just under half of all Vietnam’s textiles and garment exports.

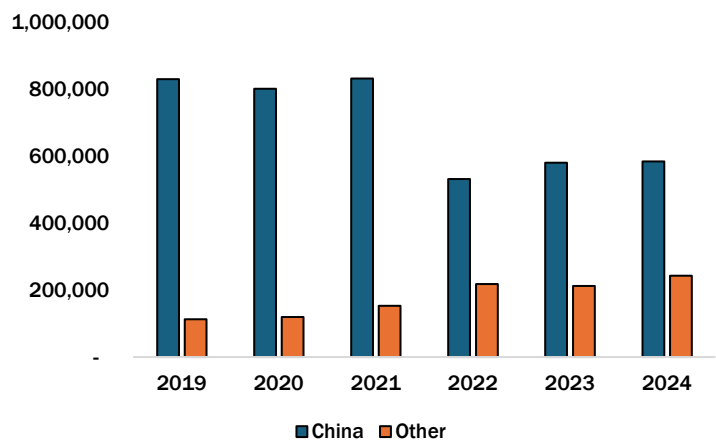
‘Era of national rise’

The requirement of a more varied supply and demand base comes as no shock to the Vietnamese textiles industry, but recent geopolitical developments have brought the issue to the forefront of attention. Vietnam is currently embarking on a ‘sprint period’ that will attempt to lay the foundations for its economic future. For textiles, that will mean a focus on supportive and sustainable policies that attract investment and reduce the reliance on imported fabric. We have already begun to see this in action with new industrial zones set up for knitting, weaving and dyeing. Again, China has been involved in this investment and with that, one wonders, could a replication of the spinning sector rise eventually happen in the knitting, weaving and dyeing space?

On the ground in Vietnam, I am seeing a number of non-integrated mills gradually pivot to alternative yarn customers. Encouragingly, this includes the industrial zones within the country. China’s percentage

share of Vietnam’s yarn exports seems to have reached its ceiling and is now gradually easing off to a more sustainable level - from 80 percent of all cotton yarn exports in 2021/22 to the current rate of 66 percent. South Korea is also gradually emerging as a viable alternative, now commanding around 10 percent of total cotton yarn exports. This does give me some reason to believe that an advanced domestic midstream setup, allied with a more varied yarn export market, will better serve Vietnam’s goal for a more sustainable textile supply chain.

Vietnam cotton yarn exports (tonnes)



If Vietnam does manage to ease the burden of dependence on China and the US, and move in line with various ‘country of origin’ trade agreement rules, it is well placed to kick on to another era of textile growth. The full potential of Vietnam’s 17 free trade agreements can be unlocked. The notion of ‘bamboo diplomacy’ has served the country well and it may be able to ride the turbulent trade winds better than competing nations.





Cotton: Natural Fibre in the Age of Microplastics

Elke Hortmeyer

Director Communications Bremen Cotton Exchange
Chair DNFI

Cotton Marketing – Why Bother? A Future in Polyester Textiles?

At a time when sustainability, environmental protection, and social responsibility are becoming increasingly central to production practices, the choice of materials used in the textiles industry is gaining new significance. Especially when comparing natural and synthetic fibres, it becomes clear that natural fibres offer considerable advantages – ecologically, economically, and socially. They support the United Nations’ Sustainable Development Goals (SDGs), especially SDGs 1 and 2 - No Poverty, No Hunger.

And yet, polyester continues to dominate the global textiles market. A sound strategy to promote natural fibres like cotton is not only desirable but urgently needed to counter the long-term and unsustainable trend.

We All Know It:

Natural fibres such as cotton, linen, hemp, jute, wool, or coir come from renewable resources and are biodegradable. This means that at the end of their life cycle, they break down quickly in the environment - unlike synthetic fibres, which can take centuries to decompose. While being worn or washed, natural fibres release little to no residue into the environment, and most importantly no microplastics, which have increasingly been recognized as a serious global environmental threat. Studies show that microplastics are now found almost everywhere: in the deep sea, in the Arctic, in tap water, and even in parts of the human body.

Another major advantage is the carbon footprint. The production of natural fibres - particularly when grown with modern technologies - consumes significantly less energy than the resource-intensive

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production of polyester, which is petroleum-based. Extracting oil, polymerizing it, and spinning polyester fibres consumes far more energy than producing cotton. Additionally, petroleum is not a renewable resource and causes pollution in all stages of the life cycle including production, use and disposal.

Social Responsibility and Regional Value Creation

Natural Fibre Production Feeds People

An often overlooked but equally important aspect concerns the social conditions under which cotton and other natural fibres are grown and processed. Cotton cultivation provides income to millions of people in the global South - often in structurally weak regions where alternative livelihoods are scarce. But jobs are also created in industrialized regions. It is estimated that around 150 million people worldwide are involved in cotton production; the number is even higher when all natural fibres are considered. Approximately 200 million people, and their families, gain their livelihoods from natural fibres.

Ever Slept in Polyester Sheets? Don't Do It!

Health and Comfort: The Underrated Advantage

Beyond ecological and social factors, natural fibres also offer various consumer benefits. They are breathable, moisture-regulating, and skin-friendly. Many natural fibres have temperature-balancing properties - cooling when it's hot, warming when it's cold - making them particularly pleasant to wear. For sensitive skin or allergy sufferers, natural fibres are generally more compatible than synthetic fabrics. These qualities are just as important in clothing as they are in home textiles such as bed linen or towels.

The Dark Side of Polyester

Yes, the textiles industry needs all types of fibres. But just as the sustainability of cotton farming is under constant scrutiny, we must also critically examine the synthetic fibre industry.

Synthetic fibres have certain advantages: they are often inexpensive to produce,



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dimensionally stable, easy to care for, and take colour well. This makes them attractive to the fashion industry, especially the fast fashion sector. The fibre market is large, and industrial demand is growing across the board. In some applications, natural fibres may be less suitable - often, though, it is simply a matter of price. In many sectors, natural fibres are losing ground, even though they are clearly the more sustainable choice in the long run.

But the greatest environmental burden posed by polyester is undoubtedly microplastic. During washing or landfill storage, tiny plastic particles from polyester textiles break loose and make their way into the environment - and into the human body.

Another major problem is polyester's lack of biodegradability. It does not break down naturally and remains in the environment as plastic waste for decades or even centuries.

Even when recycled, polyester typically undergoes “downcycling” - meaning that the fibre quality degrades with each cycle until it can no longer be reused.

The social dimension must also be questioned: How is polyester produced? Are there environmental standards in place comparable to those enforced in cotton production? And how does competitive pressure affect safety standards and labour rights in polyester manufacturing?

The Importance of Marketing and Political Frameworks

In addition to the natural competition between cotton and synthetic fibres, a second challenge has emerged: the increasing influence of political regulation. It is no longer just the market that determines outcomes - political decisions are now playing a major role.



One key example is the Product Environmental Footprint (PEF) developed by the European Union. Originally introduced in 2013, the PEF is now being incorporated into the EU Green Deal as a guiding framework for evaluating textiles products. The problem? Natural fibres such as cotton and wool received disproportionately poor results in comparison to polyester. Crucial factors such as biodegradability, renewability, and the environmental impact of micro and nanoplastics were not taken into account.

A Wake-Up Call from Bremen

The *Make the Label Count* (MTLC) initiative, originally led by the International Wool Textile Organisation (IWTO), has been active for some time but found it was no longer able to sustain its efforts in its original form. At the 37th International Cotton Conference in Bremen in 2024, the global cotton community was informed of the urgency of the situation. This wake-up call proved to be a turning point: since then, numerous cotton companies and associations have joined the cause, working together to correct the course.

Raising Consumer Awareness: A Call to Action

To restore natural fibres to the forefront of consumer consciousness, we

need targeted marketing strategies and educational campaigns. Many consumers know little about the real differences between natural and synthetic fibres and are often misled by greenwashing - where even products made from recycled polyester are marketed as “eco-friendly”. It is our industry’s responsibility to provide clear, honest, and accessible information - globally. Platforms such as Discover Natural Fibers Initiative (DNFI) and Make the Label Count (MTLC) provide valuable spaces for cross-fibre dialogue, with the latter also fostering strategic collaboration. The ICAC in Washington serves as a key global knowledge hub for cotton and supports our industry with its strong scientific expertise.

Conclusion

Natural fibres - especially in the context of the United Nations Sustainable Development Goals - offer compelling advantages in many respects: for the environment, human health, social responsibility, and the preservation of cultural diversity. Synthetic fibres like polyester play an important role in the market and will continue to do so. This makes it all the more important for the cotton sector - and the natural fibre industry as a whole - to actively communicate its strengths. We have a great deal of value to offer.



Liverpool Commodity Trading Hub: Fostering Emerging Talent

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Programme Leader - Liverpool Business School Commodity Trading Hub

The Commodity Trading Hub (CTH) was launched two years ago as a collaboration between the newly formed MLH Academy and Liverpool Business School at John Moores University (JMU). The aim of the programme was to introduce final year and masters students to the world of commodities and ultimately provide them with a pathway to a variety of professional roles in the commodity industry.

A number of the ideas and techniques used to prepare the students came from my time at Louis Dreyfus, where we transformed the Graduate Programme in North America to produce a more diversified, “industry ready” junior trader.

The CTH started in year one with 16 students: 11 undergraduates from the accountancy faculty and 5 masters students from the Masters in Investment and Finance course. [JMU’s accountancy programme is among the top six in the country and so we

have fantastic academic ability, but very few students have ever heard of commodities.]

The classes were two hours in duration every two weeks, out of normal hours and for no credits. It was designed that way because so often I was hearing companies complaining that they couldn’t find hungry, motivated talent, yet nothing conveys motivation more than no credit, evening classes.

We initially designed the course to be 12 lectures that would cover an array of subjects: an intro to commodities, cash trading, building a balance sheet, freight, futures and options, ESG etc. But the commitment from the students and assistance from the industry meant we ended up with 19 lectures and open days.

We had shipping companies like SSY come to Liverpool. Gen 10, a world-renowned local contract management



company, held a seminar, and many senior figures from the industry generously gave their time and commitment to the initiative.

By the end of the programme we had nine job offers, but unfortunately only five students took up employment in commodities, with a few (particularly the female accountancy students) playing “safe” and following their initial plan of becoming accountants.

I draw attention to this because one of the major obstacles I faced in the first year was the fact that a lot of students didn’t believe they belonged in commodities, especially some of the women in the class who perceived it as a male dominated industry.

However, two of the five students who accepted their job offers were Moroccan women who overcame their initial trepidation, and both now have over a year of success in the industry. One works in operations in Pacific Basin Shipping and the other works for Vidya Coffee in operations and logistics. Of the three male students, two became brokers at shipping brokerage companies and one joined Gen 10 as a business analyst. We are very fortunate to get such excellent support from OCR commodities who give their time and network to place students in professional roles.

For year one this was a massive success and something that - whilst we were very proud - was only the beginning of a much bigger effort, with two key objectives. First, to grow more pathways into the commodities business for up-and-coming talent, and second, to reignite the commodities industry in Liverpool.

Year two intake began in late September 2024. Over 50 eager students applied, and the CTH met the call, deciding to expand the programme to over 35 participants. Initially, this included five maritime students to grow access and diversify the degrees of the pupils involved. We ended up with an exceptionally diverse class with 14 nationalities and 40 percent female participation.

This year the programme grew not only in terms of the number of students but also in the quality of the course we delivered, the variety of companies involved, and the pedigree of the guest speakers. What has been most noticeable is the amount of belief the students have in the programme, as well as in their ability to succeed.

Liverpool Cotton Brokers (LCB) provided invaluable support by mentoring numerous students, welcoming them into their offices, and offering an immersive introduction to the cotton trading industry. Their engagement not only enriched the students’



understanding but also instilled in many a confidence that they belong in this field. One of the key things that differentiates the CTH from a regular university programme is our HUB WhatsApp group. Having our alumni actively engaged in the chat creates a powerful sense of belief – there is nothing more inspiring than hearing firsthand from recent graduates as they share their current roles and experiences.

We also discussed various commodity stories and issues, as well as running “cash prize” trading questions, with a reward for the person with the fastest correct answer. Recently a rather sneaky freight question caused a four-hour discussion, with one student eventually claiming the prize. Nothing motivates students better than cash prizes - especially when it’s happy hour at the student union.

This year we ended up with 27 students graduating and at the time of writing we have secured 13 jobs and ultimately had 16 job offers.

We have strengthened our relationships with Pacbasin, SSY and Gen 10, who

repeated job offers for year two grads after hiring students from our first year. There is no stronger endorsement from the industry than to see the same companies coming back to add more young talent to their operations.

In addition, MLH Academy is collaborating directly with select companies to design tailored internal graduate programmes, empowering them to cultivate a robust pipeline of emerging talent. This strategic approach offers one of the most cost-effective and impactful methods of succession planning available.

The history of commodity trading in Liverpool is entwined with cotton. One of the goals of the Hub is to ensure these threads remain strong well into the future. This year, we placed our first cotton specific graduate at Wakefield Inspection Services. With the interest we’re already seeing, we’re confident there will be more in 2026.

Get in touch if you would like further information on graduate talent or building a graduate programme in-house.

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Overview of the Global Cotton Market

Alice Robinson
Deputy Editor
Cotlook Ltd

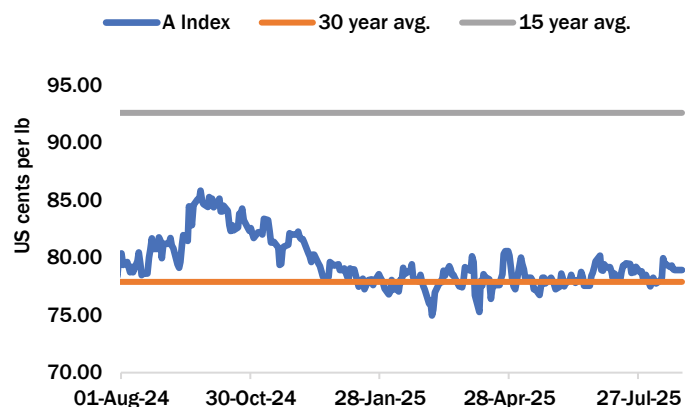
World cotton prices

In the 12-month period since the International Cotton Association's last Trade Event was held in Liverpool, cotton prices have moved within a much narrower range than that recorded in the preceding year. In August 2024, the Cotlook A Index (measuring shippers' offering rates for Middling 1-1/8" cotton, Cost and Freight to Far Eastern ports) had declined to stand slightly above its 30-year average of 78.00 cents per lb. In the following months, the Index rose to a high point for the 2024/25 season of 85.80 cents, recorded in September, before reversing direction to move below the 30-year average, after which it continued to trade a few cents either side of that threshold.

Shippers' basis levels have also been confined to a range of just a few cents. The trade demonstrated an eagerness to

liquidate stocks in early April as US tariff announcements threw the outlook for sourcing patterns into disarray, and basis prices were reduced accordingly. However, the 90-day pause on the implementation of higher tariff rates allowed the market to stabilise and basis levels to recover. The high point for the season (1,239 cent points,

Cotlook A Index with Long-Term Averages (15 and 30 years)



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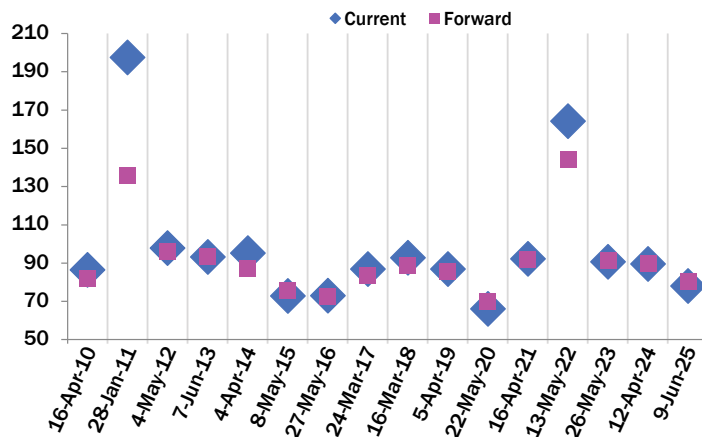
calculated with reference to the premium of the A Index over nearby New York) was reached on June 2.

The weakness of prices in the past year can be explained by fundamental factors and the associated behaviour of speculative investors in New York. In the first instance, output in the major cotton-producing countries has been robust, with larger crops in the US, China, Brazil and Australia. As for consumption, the already fragile state of demand across most of the globe was further buffeted by a renewal of the United States' trade war with China, and then announcements of 'reciprocal' import tariffs for many other countries. The effect was to cast uncertainty on buying patterns in the downstream sector, as several months passed without any clarity on the eventual outcome, or the levies that would be imposed for textiles and apparel shipments to the world's largest economy. Mill buyers became further entrenched in the hand-to-mouth approach to purchases which had already been a feature of the market for some time, as few were willing to add to their inventories in the face of potential

cancellations or reduced orders from their downstream customers. Reports of forward business were thus very sparse indeed.

That feature of the physical market is demonstrated by the date of the introduction of our Forward (2025/26) Index. The Forward Index is established as soon as sufficient evidence of shippers' quotations for the following marketing cycle is available, and its publication this year, in June, was among the latest since the inception of the Dual Index system in 1988, reflecting the dearth of offers for shipment beyond the end of the 2024/25 season before that point.

**Current versus Forward A Index
(at inception of Forward A)**



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The activity of Managed Money investors in New York, who have held a net short position on the No. 2 Cotton contract since April 2024, was also a key influence on the price dynamic in New York. Managed Money short holdings increased to a record volume equivalent to almost eight million 480-lb bales in March 2025, coinciding with Washington's imposition of higher tariffs on China, and the promise of greater levies – ultimately confirmed on April 2 – for many other nations. While the implementation of higher import charges was paused for a period of 90 days to allow time for negotiations, speculative actors adhered to their bearish view of the market, and though net short holdings have been reduced somewhat in the intervening period, they remain heavy at around 5.7 million bales at the time of writing. Discussions between the US and its trade partners, meanwhile, did result in lower tariffs than those initially mooted for a number of nations, though they remain in almost every case above the rates that prevailed at the beginning of 2025.

The new global trade landscape

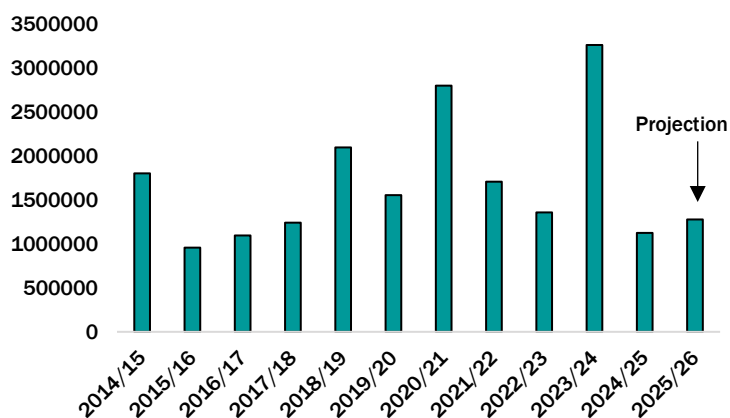
Mill buying in the past year has proceeded at a pedestrian pace, with reports of business frequently confirming only modest volumes for earliest available

delivery. The uncertain outlook for activity further down the value chain discouraged forward buying, and though duty rates have now been confirmed for many countries, generally spinners remain disinclined to build inventories.

China appears, once again, on course to import much less cotton in 2025/26 than the 3.2 million tonnes credited to the 2023/24 season, owing to an expectation of robust domestic output and the fact that additional import quota amounts to just 200,000 tonnes for the second consecutive season (in 2023 the allocation was 750,000 tonnes). Should the State Reserve deem the time right to step in to replenish its warehouses, either on the basis of stock rotation or to appease Washington during the protracted negotiations – which have again been extended until November 10 – then a transformation of the outlook for China's import purchases may become more likely. However, at present no signals have been discerned on either of those fronts.

Textiles exporters in Bangladesh and Vietnam, meanwhile, are said to be hopeful that the lack of clarity with respect to China's arrangement with the US, as well as the announcement of a 50-percent duty on imports to that country from India, may enable them to capture a greater market

China raw cotton imports (tonnes)



the domestic industry, but will hardly prompt a greater level of cotton import purchasing. For India, though, import demand has increased owing to relatively high domestic prices, reduced local availability and an improved outlook for consumption. New Delhi also announced a pause on import tariffs for raw cotton in an effort to enhance the competitiveness of the sector.

Finally, one more factor that has the potential to influence the flow of raw cotton beyond the 2025/26 season is the proposed

share in the season ahead. Indeed, reports have begun to emerge of greater orders from US textiles and garment importers, for Bangladesh in particular. Nevertheless, most spinners have so far failed to ramp up their purchasing beyond the nearby months.

In Pakistan, the announcement of an 18-percent sales tax on imports of raw cotton and yarn is expected to benefit

Buying American Cotton Act, which some observers expect to be signed into law before the end of this year. The bill aims to increase consumption of US cotton by offering more favourable import terms for products containing raw materials produced in the US. Details of the arrangements are thus keenly awaited by garment exporters in the major cotton consuming centres.

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Production continues to outpace consumption

Cotlook’s projection for world output in the current season stands at the time of writing at almost 26 million tonnes, representing a slight decline from 2024/25. The biggest changes are foreseen in China and the US. In China, a higher figure for area, as well as mostly good weather and the precision application of inputs that the country has become known for, have informed our higher assessment of 7.2 million tonnes. In the US, Washington’s August report placed planted acreage at 9.3 million acres, which would be a reduction of 17 percent year on year. Harvested acres were forecast at 7.4 million, down six percent. Our estimate, of 2.9 million tonnes, would represent the second lowest output in the US of the last ten years.

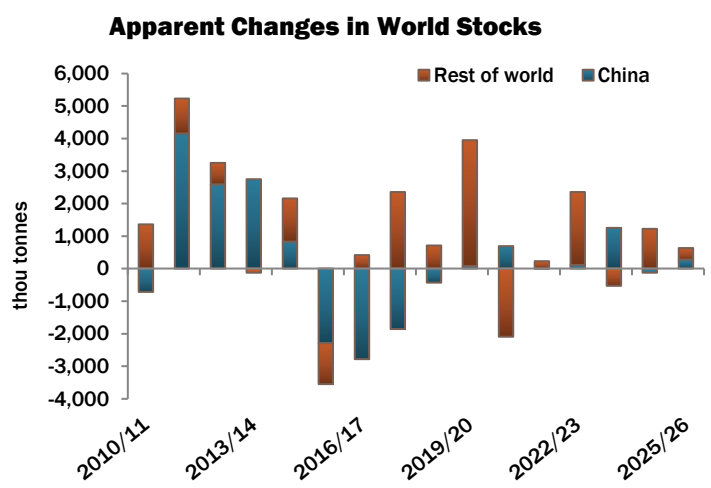
Elsewhere in the Northern Hemisphere, production in India is expected to remain around steady, while a decline is envisaged in Pakistan, mainly owing to lower planted area and unhelpful weather throughout part of the growing season.

As for the major Southern Hemisphere producing countries, output in Brazil appears likely at this early stage to more or less match the results achieved in 2024/25, with a crop of 3.9 million tonnes. The figure for Australia is

forecast to decline, but production is still expected to reach one million tonnes for the fifth successive season.

We currently expect a slight fall of global consumption from 2024/25, meanwhile, to 25.3 million tonnes, with only modest seasonal changes anticipated in the biggest markets for raw cotton. Attempting to predict usage patterns has this year been a particularly difficult enterprise, given the shifting global trade landscape. However, for now the outlook suggests that slightly lower figures in China and Turkey are set to be virtually offset by higher consumption elsewhere.

Our projections therefore indicate that global stocks by August 31, 2026 will rise by 637,000 tonnes, compared with an increase of 907,000 in 2024/25.



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