

Weekly Publication of



**Cotton  
Association  
of India**

# COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

2018-19 • No. 31 • 30<sup>th</sup> October, 2018 Published every Tuesday

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## The Challenge for Cotton Amid a Changing Consumer Landscape

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Have you heard the latest? Cotton is dirty. That's right, cotton uses more pesticides than any other crop, is responsible for countless farmer suicides, uses more water than any other row crop, and on top of that, it's genetically modified like some deleterious mutation.

In short: It's terrible for the environment, bad for people, and is not sustainable. So much

of this bad talk comes from self-righteous NGOs but are echoed by many of today's major apparel and retail brands. It's a disinformation campaign driven into the hearts and minds of buyers.



### GUEST COLUMN

**Mr. Robert P. Antoshak**  
Managing Director, Olah Inc.

Add to that the fact that cotton prices fluctuate based upon little-understood pricing mechanisms - futures and options - then we have a scenario where cotton appears to many in the textile and apparel supply chain as a necessary evil, instead of as an essential ingredient that only improves the performance and desirability of their products.

### Clothing basics have changed

There was a time when denim was always 100% cotton - and dense. Stiff as cardboard thanks to starch used in weaving mills, but also due to the use of lots of cotton. Today, that's not the case. Indeed, today the typical denim fabric contains, perhaps, 90% cotton, 7% polyester, and 3% spandex.

Moreover, other fibre blends have encroached on cotton's use in denim. Rayon fibres are used extensively in denim, particularly in women's jeans, along with polyester and spandex with the result of a lighter fabric with greater stretch,

while using far less cotton, in fact as little as 50% cotton. Make no mistake: stretch is in, as are lighter fabrics.

Denim isn't alone. Other fabrics have also lightened up and become more synthetic-oriented to mimic the performance and stretch characteristics of what the trade calls "athleisurewear" the popular style of gym wear that has increasingly become a new staple for many consumers as street wear. For many consumers, it's now okay to wear your gym clothes all day. And that trend hasn't been lost on apparel brands and retailers.

Jeans are a wardrobe staple for most consumers, but so are t-shirts - only that now most t-shirts are made with lightweight knit fabric comprised of 50% polyester, 48% cotton, and 2% spandex. For sure, in part, this is due to changing fashion trends, but it also has to do with the low price of polyester in world markets.

Polyester staple fibre is always cheaper than cotton - in fact, polyester prices directly track the price of cotton -- but it also has gained a reputation for being recyclable thanks to the often-inaccurate claims of NGO's and environmentalists. Cotton is dirty, remember?

### Many of cotton's woes are self-inflicted

Ultimately, however, the cost of raw materials has played a significant role in undermining the desirability of cotton and can be traced back to the price spike for cotton in 2011 which sent dozens of brands - caught off guard by the sudden rise in cotton prices - flocking to synthetics.

And why not? The athleisure fad was accelerating at the same time. Super-casual was in, and so it has remained to this day. So was 100% knit stretch fabrics that cost little to manufacture, were supported by a global oversupply of polyester fibre and met the demands of women of all ages looking for a little extra comfort - and shape lifting - performance from their garments.

So, the textile industry had to adjust to competing better, and their customers, the branded apparel and retail companies insisted upon it. They had to make lighter, more form-fitting fabrics to meet the demand of consumers. As a consequence, the cost of production fell as

mills turned to synthetics as direct replacements to cotton.

For cotton, the result was, if not catastrophic, then at least a severe body blow to the industry. Cotton had been losing market share for years, but the price spike of 2011 accelerated that trend and ironically helped to provide further support to athleisure. The cotton industry was slow to adapt in the clothing industry that is continually adjusting out of necessity.

### A changing retail business

Overriding all of this are changes to the retail business: Walk along the major shopping centers in any major American city, and you're likely to see shuttered storefronts. What happened? Many blame the rise of the Internet and online shopping for the demise of the traditional shopping street or suburban mall - and they're right, if only in part. There's more to the story.

Once upon a time, import quotas restricted the global trade of textiles and apparel. But when those restrictions were eliminated as part of the founding of the World Trade Organization -- and a universal embrace of free trade -- retailers and branded apparel companies expanded their supply chains to low-cost producers of textiles and garments around the world to boost margins that were not possible during the quota days.

For a time, more extensive global supply chains helped many retailers to hike their margins and improve their profitability. These companies also became increasingly proficient in making and selling more and more stuff. Prices kept falling while consumers kept consuming - until the day the music stopped. Consumers could only absorb a finite amount of product regardless of cost. After all, how many jeans or t-shirts could consumers be expected to buy year-in and year-out?

The response of retailers was to open more stores - to make the allure of buying more stuff that much easier. And, in turn, this approach worked for a time until the economies of the West became over-stored. Added to that the economic crash of 2007 and an apparent flat-lining of disposable income for many consumers, and retailers were faced with the inevitable problem of having too many stores selling too much product in markets already oversaturated with stuff.

And then the consumer electronics business took off. It wasn't enough for consumers to spend their money on clothes like they used to; no, now disposable income increasingly went towards buying the latest gadgets, such as smartphones and household electronics. Left in its wake was the global apparel industry. Demand for clothes, particularly on a per capita basis began to fall and the decline continues today.

### Today's market

The consumer landscape has changed - particularly hard hit is traditional retail. Online sales have carved out a significant portion of apparel sales, but to say that online sales alone have directly resulted in the demise of traditional stores is to overstate the problem for retailers.

What has overtaken traditional retail is the advent of Internet-influenced buying, that is, purchases that are often made either online or in physical stores based on online perusal of websites to find the latest styles and buys. Sometimes this is referred to as "omnichannel" purchasing.

Moreover, many consumers today want to know about how and where the products they buy are made. Whereas fashion and price were tantamount to consumer purchasing of apparel in the past, today transparency and traceability within a supply chain have been added to the mix. For some consumers, how a garment is made is nearly as important as price. In turn, this has placed extra pressure on retailers to provide such information to their customers. And how do consumers find out about a company's apparel products? They turn to the Internet.

What's more, with so many products supported by intricate supply chains, identifying every aspect of a finished product's components can be difficult for a brand or retailer to discern --particularly when it comes to raw materials. Sustainable production of materials such as cotton has become central in consumer choices these days.

But there are so many sustainable cotton initiatives in the market: Which to choose? Let's see, we have organic, Cotton Made in Africa, Cotton Leads, Better Cotton Initiative, CottonConnect, Cotton Australia, and dozens of others, along with various sustainable standards

supported by groups like Textile Exchange, World Wildlife Federation, and the C&A Foundation.

It's confusing, and what's even more confusing is that yarn spinners are accustomed to blending cotton from different origins - regardless of sustainability programs - to maximise specific characteristics of their yarn. Now, increasingly, downstream customers are demanding more transparency and traceability from their textile suppliers, something that many mills will do - but at an added cost. Hence the rub for many brands and retailers: How do they pass along those costs to consumers in a rapidly-evolving retail environment? It's not easy.

### The challenge for cotton

So where does all of this place cotton? Most consumers find out about cotton via online sources. And so many of these sources are negative about cotton. Often inaccurate and misleading so-called facts about cotton are merely self-serving attempts by companies, NGOs and environmentalists to further their agendas, not to tell an accurate story about cotton.

For example, GMO cotton is typically treated online as a pariah, demonised as a product of misguided science, unsafe and prone to harm the planet. The conclusion of many of these groups is to favour alternative fibres and to stress questionable characteristics of those fibres. Lost in all of the online trash-talk are the facts that most clothing ends up in landfills and garbage dumps or burned as deadstock.

Synthetic fibres such as polyester take 1,000 years to decompose and add to the micro-fibre problems faced by so many countries in their water supply. Cotton, on the other hand, naturally decomposes in as little as 30 days.

But other questions about synthetics go unanswered or are explained away with smart marketing. Rayon comes from trees, so it's natural, right? The wood pulp used to make rayon products, however, have been positioned with clever marketing as a better alternative to cotton. Only that the marketing omits that much of the wood pulp originates from Brazilian rainforests, an eco-system that has struggled mightily in recent years.

Yet it's this kind of marketing and outright disinformation that informs consumers across the web on the types of textiles and apparel that should be purchased or not. Remember, cotton is dirty, while rayon comes from trees. What's a consumer to believe or not?

In the end, though, it comes down to simple economics. If consumers fail to appreciate cotton as a beneficial product, then retail sales will suffer. Added to that the fact that consumers, particularly in the West, do not enjoy purchasing power that they once had, and the fact that other products such as the latest smartphone vie for their discretionary spending, we have a scenario where cotton is increasingly squeezed in an undesirable market.

So, the challenge for cotton is how to regain its footing. It's ridiculed as being a dirty row crop, a product of misguided science on the one hand, while on the other it's perceived as too expensive and unreliable as an economic commodity by a supply chain that is only too happy to sell synthetics and meet the demands of its customers.

Likewise, cotton's supply chain is outmoded. Many merchants still operate like it's the 19th century, while their customer base functions in the rapidly changing world of the 21st century. Which leaves us with the essential question of how should today's cotton merchants effectively operate in today's business environment?

### Transparency and the importance of telling a story

Consumers can be fickle; today's fashion is tomorrow's after-thought. But for the foreseeable future, consumers will want to know more, not less, about the clothes they wear. They want to know that their clothes were made by ethically-minded companies that freely share how their products are made specifically regarding labor conditions, attention to sustainable production practices, and authenticity. And they want all of that for a reasonable price.

For brands and retailers, telling a story about the garments that they sell has become exceptionally important – a story that begins with cotton or other fibres and then moves on to the other steps in the supply chain including how and where fabrics and finished garments

are made. The opaqueness of supply chains of the past will be increasingly exposed so that brands and retailers can tell compelling stories of how their products are manufactured to eager-to-learn consumers.

In response to this consumer demand, and particularly in light of the various market conditions outlined above, many brands and retailers are actively working to streamline their supply chains, so they can more easily present the kinds of transparent information to their customers in an easy-to-understand manner. It's more common now to see new tagging and messaging used in stores to underscore a commitment to sustainability and authenticity.

Finally, with interest in greater transparency throughout the textile-apparel-retail supply chain, it does open up the possibility of developing shorter supply chains and tighter production integration. Again, sustainability initiatives don't come cheap for anyone in the textile supply chain. If costs can't be passed on to customers, then the supply chains for many companies are forced to change.

Such changes have occurred via better efficiency and shorter delivery times, which in part explains why some companies have shifted their sourcing to locations closer to home consuming markets. For other companies, an effort has been made to consolidate supply chains where downstream brands and retailers take a more significant interest in securing their supplies of raw materials to manage their overall inventory cost structures better.

For cotton, the challenge will be how to tell a compelling story while remaining price competitive opposite synthetic alternatives. Indeed, with the vagaries of consumer tastes and the economics of agricultural production, this challenge will remain a tall order for the cotton industry.

*Note: Originally published in just-style.com on October 23, 2018.*

*(The views expressed in this column are of the author and not that of Cotton Association of India)*

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## Since 1921, we are dedicated to the cause of Indian cotton.

Just one of the reasons, you should use our Laboratory Testing Services.

The Cotton Association of India (CAI) is respected as the chief trade body in the hierarchy of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, maintaining Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization portraying professionalism and reliability in cotton testing.

The CAI's network of independent cotton testing & research laboratories are strategically spread across major cotton centres in India and are equipped with:

- State-of-the-art technology & world-class Premier and MAG cotton testing machines
- HVI test mode with trash% tested gravimetrically

#### LABORATORY LOCATIONS

**Current locations :** • **Maharashtra :** Mumbai; Akola; Aurangabad • **Gujarat :** Rajkot; Kadi; Ahmedabad • **Andhra Pradesh :** Guntur, Warangal  
• **Madhya Pradesh :** Khargone • **Karnataka :** Hubli • **Punjab :** Bathinda • **Telangana:** Adilabad

#### UPCOMING LOCATIONS

• Yavatmal (Maharashtra) • Adoni (Andhra Pradesh), Mahbubnagar (Telangana)



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## Production & Stock of Yarn (SSI & Non-SSI)

(In Mn. Kgs.)

MONTH/ YEAR	PRODUCTION OF YARN				STOCK POSITION OF YARN			
	COTTON	BLENDED	100% N.C.	G. TOTAL	COTTON	BLENDED	100% N.C.	G. TOTAL
2012-13	3582.68	828.19	456.75	4867.61	107.92	40.37	21.38	169.67
2013-14	3928.26	896.19	484.99	5309.45	133.80	51.33	23.40	208.53
2014-15	4054.51	920.20	512.92	5487.64	140.60	48.30	22.48	211.38
2015-16	4137.83	972.50	554.79	5664.93	140.68	49.46	22.99	213.13
2016-17	4060.99	1033.50	572.02	5666.51	147.61	57.99	25.47	231.08
2017-18	4063.59	1065.23	551.16	5679.98	139.31	57.86	24.84	222.00
<b>2018-19 (P) (Apr-Aug.)</b>	<b>1751.89</b>	<b>447.15</b>	<b>241.06</b>	<b>2440.10</b>	<b>144.71</b>	<b>53.75</b>	<b>26.29</b>	<b>224.75</b>
2016-17								
April-16	334.30	80.55	46.49	461.35	127.63	48.99	24.26	200.88
May-16	360.75	85.95	53.50	500.20	132.43	54.79	26.25	213.47
June-16	352.00	89.10	50.87	491.97	130.99	50.84	21.46	203.30
July-16	343.34	88.21	48.26	479.81	135.93	56.50	23.91	216.34
Aug-16	334.43	91.29	49.75	475.47	155.65	54.65	22.55	232.85
Sept-16	326.58	88.40	51.75	466.73	153.30	59.84	24.04	237.19
Oct-16	310.67	83.67	49.21	443.55	167.46	63.94	28.84	260.23
Nov-16	326.48	85.28	44.98	456.74	166.74	70.98	32.91	270.63
Dec-16	342.33	84.16	43.75	470.25	165.62	69.09	28.62	263.32
Jan-17	345.69	86.11	44.49	476.29	147.10	61.40	26.95	235.44
Feb-17	330.98	83.40	42.34	456.73	154.12	61.57	26.75	242.44
Mar-17	353.44	87.37	46.61	487.42	147.61	57.99	25.47	231.08
2017-18								
April-17	339.75	86.83	46.12	472.71	136.53	58.50	25.40	220.43
May-17	344.97	85.48	46.24	476.69	146.95	58.55	24.76	230.26
June-17	337.96	84.47	48.16	470.59	155.54	50.83	22.25	228.61
July-17	341.58	87.85	44.91	474.33	181.91	61.53	26.72	270.15
Aug.-17	330.61	98.10	46.68	475.39	191.92	61.68	32.08	285.69
Sept.-17	325.95	91.48	47.80	465.22	186.19	66.64	34.46	287.29
Oct.-17	326.78	90.47	46.22	463.47	166.77	66.17	30.53	263.47
Nov-17	351.79	90.16	44.31	486.26	144.31	63.62	27.38	235.30
Dec-17	356.83	94.09	47.08	498.00	133.82	65.97	27.81	227.60
Jan-18	345.72	88.93	45.01	479.66	134.94	62.79	26.57	224.30
Feb-18	323.32	81.18	43.78	448.27	138.95	60.35	25.46	224.76
Mar-18	338.34	86.20	44.84	469.39	139.31	57.86	24.84	222.00
2018-19 (P)								
April-18	344.10	85.49	46.78	476.36	126.67	56.32	24.77	207.75
May-18	351.78	86.76	48.39	486.92	129.27	50.76	23.01	203.04
June-18	350.38	89.04	48.67	488.10	136.66	48.17	32.24	217.07
July-18	353.49	93.81	48.65	495.95	145.11	55.84	27.88	228.83
Aug-18	352.14	92.06	48.56	492.77	144.71	53.75	26.29	224.75

P - Provisional

Source : Office of the Textile Commissioner

UPCOUNTRY SPOT RATES (Rs./Qtl)												
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]							Spot Rate (Upcountry) 2017-18 Crop October 2018					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	22nd	23rd	24th	25th	26th	27th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	-	-	-	-	-	-
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	-	-	-	-	-	-
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	9476 (33700)	9476 (33700)	9617 (34200)	9758 (34700)	9842 (35000)	9842 (35000)
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	10517 (37400)	10517 (37400)	10573 (37600)	10573 (37600)	10517 (37400)	10461 (37200)
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	11192 (39800)	11192 (39800)	11248 (40000)	11248 (40000)	11192 (39800)	11192 (39800)
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	-	-	-	-	-	-
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	10826 (38500)	10911 (38800)	10911 (38800)	10967 (39000)	10967 (39000)	10967 (39000)
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	-	-	-	-	-	-
9	P/H/R	ICS-105	Fine	27mm	3.5-4.9	26	-	-	-	-	-	-
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	11389 (40500)	11445 (40700)	11445 (40700)	11473 (40800)	11473 (40800)	11473 (40800)
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	11726 (41700)	11782 (41900)	11782 (41900)	11810 (42000)	11810 (42000)	11810 (42000)
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	-	-	-	-	-	-
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	12232 (43500)	12317 (43800)	12317 (43800)	12345 (43900)	12345 (43900)	12345 (43900)
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	12429 (44200)	12485 (44400)	12485 (44400)	12513 (44500)	12513 (44500)	12513 (44500)
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	12682 (45100)	12766 (45400)	12766 (45400)	12766 (45400)	12766 (45400)	12795 (45500)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	12738 (45300)	12795 (45500)	12795 (45500)	12795 (45500)	12795 (45500)	12823 (45600)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	12766 (45400)	12879 (45800)	12879 (45800)	12879 (45800)	12879 (45800)	12907 (45900)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	13216 (47000)	13273 (47200)	13216 (47000)	13216 (47000)	13216 (47000)	13244 (47100)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	-	-	-	-	-	-
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	-	-	-	-	-	-

(Note: Figures in bracket indicate prices in Rs./Candy)

UPCOUNTRY SPOT RATES							(Rs./Qtl)					
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]							Spot Rate (Upcountry) 2018-19 Crop October 2018					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	22nd	23rd	24th	25th	26th	27th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0-7.0	15	12176 (43300)	12176 (43300)	12176 (43300)	12176 (43300)	12176 (43300)	12176 (43300)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0-7.0	15	12317 (43800)	12317 (43800)	12317 (43800)	12317 (43800)	12317 (43800)	12317 (43800)
3	GUJ	ICS-102	Fine	22mm	4.0-6.0	20	-	-	-	-	-	-
4	KAR	ICS-103	Fine	23mm	4.0-5.5	21	-	-	-	-	-	-
5	M/M	ICS-104	Fine	24mm	4.0-5.0	23	-	-	-	-	-	-
6	P/H/R	ICS-202	Fine	26mm	3.5-4.9	26	-	-	-	-	-	-
7	M/M/A	ICS-105	Fine	26mm	3.0-3.4	25	-	-	-	-	-	-
8	M/M/A	ICS-105	Fine	26mm	3.5-4.9	25	-	-	-	-	-	-
9	P/H/R	ICS-105	Fine	27mm	3.5-4.9	26	12541 (44600)	12598 (44800)	12541 (44600)	12457 (44300)	12513 (44500)	12541 (44600)
10	M/M/A	ICS-105	Fine	27mm	3.0-3.4	26	-	-	-	-	-	-
11	M/M/A	ICS-105	Fine	27mm	3.5-4.9	26	-	-	-	-	-	-
12	P/H/R	ICS-105	Fine	28mm	3.5-4.9	27	12598 (44800)	12654 (45000)	12598 (44800)	12513 (44500)	12598 (44800)	12626 (44900)
13	M/M/A	ICS-105	Fine	28mm	3.5-4.9	27	-	-	-	-	-	-
14	GUJ	ICS-105	Fine	28mm	3.5-4.9	27	-	-	-	-	-	-
15	M/M/A/K	ICS-105	Fine	29mm	3.5-4.9	28	13020 (46300)	13076 (46500)	13076 (46500)	13020 (46300)	13048 (46400)	13076 (46500)
16	GUJ	ICS-105	Fine	29mm	3.5-4.9	28	13160 (46800)	13216 (47000)	13188 (46900)	13132 (46700)	13160 (46800)	13160 (46800)
17	M/M/A/K	ICS-105	Fine	30mm	3.5-4.9	29	13048 (46400)	13160 (46800)	13132 (46700)	13132 (46700)	13160 (46800)	13188 (46900)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5-4.9	30	13132 (46700)	13216 (47000)	13188 (46900)	13188 (46900)	13216 (47000)	13244 (47100)
19	A/K/T/O	ICS-106	Fine	32mm	3.5-4.9	31	13638 (48500)	13638 (48500)	13582 (48300)	13498 (48000)	13498 (48000)	13498 (48000)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0-3.8	33	16197 (57600)	16310 (58000)	16225 (57700)	16225 (57700)	16225 (57700)	16225 (57700)

(Note: Figures in bracket indicate prices in Rs./Candy)