Spinners Committee

Minutes

September 6, 2018
(14:15 - 15:45)

Villa Kempinski Hotel
Nairobi / Kenya

Participants:

Honorary Life Members:
Walter Simeoni (South Africa)

Members:
Andrew Macdonald (Brazil) – Chairman
Steven Chen (Chinese Taipei) – Vice Chairman
Alimohammad Bashir (Pakistan)
Enrique Crouse (South Africa)
Wolfram Daubek-Puza (Austria)
Ernst Grimmelt (Germany)
Yejun Zhou (China)

ITMF:
Christian Schindler
Olivier Zieschank

Guests:
Christian Barthel (Germany)
Jas Bedi (Kenya)
Nicholas Earlam (UK)
Jeff Elder (USA)
Peter Gnägi (Switzerland)
Elke Hortmeyer (Germany)
Kai Hughes (ICAC)
Suresh Kotak (India)
Suresh Kumar Khandelia (India)
Heinz Michel (Switzerland)
João Luiz R. Pessa (Brazil)
Marsha Powell (Turkey)
Updeep Singh (India)
Pia Terasa (Switzerland)
Terry Townsend (USA)
Joel Zou (China)
1. Opening Remarks by the Chairman

The Chairman of the Committee, Mr. Andrew Macdonald (Brazil), opened the meeting with a few introductory remarks.

2. Report from the Visit to Lenzing AG in Lenzing/Austria

Mr. Wolfram Daubek, Lenzing AG, Austria, presented a report about the visit of the ITMF Spinners Committee on March 17, 2018, when three members visited Lenzing AG, a producer of cellulosic fibres from wood pulp, in Austria (see attached document no. 1).

3. ICA's Cotton Consumers Committee

The meeting was informed by the Chairman, Mr. Andrew Macdonald, about the activities of the “Cotton Consumer Committee” of the ICA which is also chaired by Mr. Macdonald. He reported that the Cotton Consumers Committee had the objective of strengthening the Spinners’ voice within the ICA. Over the past few years it was able to achieve some positive results like

   a) Additional discounts for delivery of qualities below the contracted quality
   b) Removal of the tolerance on results of micronaire testing

but there was still much to be done

To this end, as progress was so slow, due to the involvement of non members, the Committee was being disbanded and new one being formed with a slightly changed mandate, and only Members of ICA would be eligible to sit on the committee.

Mr. Macdonald encouraged the members of the ITMF Spinners Committee to endeavour to join ICA as a member, so that they would be able to participate in these discussions about problematic trade rules which should be reviewed and possibly altered. Furthermore, he invited everyone to assist in identifying spinners who might join and contribute to the work of this new Cotton Consumers Committee.

4. Traceability

The meeting was called upon to discuss the need for traceability of cotton upland varieties.

The meeting believed that traceability on paper is already a reality in some countries like Australia, Brazil, China or the USA. However, true physical traceability will grow in importance as it will provide relevant information about the origin of the cotton, to ensure the industry and consumers, that the product purchased is actually manufactured from a specific region or produced under specific conditions, like Organic Cotton or BCI as examples. The use of these systems to protect the long staple industry with false claims about products declared to contain or be manufactured with a specific type or origin of the cotton, are already active.

The meeting agreed that traceability will grow in importance but it needs to be seen which traceability technologies can be successfully implemented. However, the meeting acknowledged that for small holder farmers traceability at this stage might not be affordable.

The meeting also discussed the alternative to costly traceability for Identity Programs such as BCI or Made in Africa which is based on Mass Balance. While the mass-balance system provides the cotton textile value chain, especially spinners, with more flexibility, the full traceability systems guarantees that consumers buy and wear the type of cotton they prefer for what ever reason.

The point was raised than in some countries spinners have to pay an additional 0.75-1.00 US cents per pound for BCI cotton, as retailers/brands are demanding product produced with BCI-
cotton, without a premium, whilst the farmer or producer does not receive such a premium. It was suggested that ITMF might take up this complaint with BCI.

5. **Stickiness**

The Chairman pointed out that stickiness is an enormous problem for cotton spinners as there is no compensation for sticky cotton delivered under the current cotton contract rules. He therefore advised that the various testing methods are being verified by the ITMF International Committee on Cotton Testing Methods (ICCTM) together with ICA-Bremen (Germany) and CIRAD (France). While there are currently more than 10 different methods to identify sticky cotton, there is not a method that is accepted as a reference method, to allow identification in a uniform manner.

The meeting agreed that testing cotton for stickiness is a must, and that the need for a reference method as well as affordable testing instruments is a given. The Committee agreed to support the efforts of the ITMF International Committee of Cotton Testing Methods (ICCTM) to identify a reference method.

In this context, the spinners were encouraged to participate in the round trials conducted by CSITC and also on the round trials on stickiness, currently being undertaken. For more information about the round trial results 2017, see the ITMF-Website: [https://www.itmf.org/committees/international-committee-on-cotton-testing-methods](https://www.itmf.org/committees/international-committee-on-cotton-testing-methods).

6. **International Committee of Cotton Testing Methods (ICCTM)**

The Chairman emphasized the importance of the ITMF-ICCTM. As could be seen in the discussion about stickiness, there is the constant need to improve testing methods and to develop testing instruments which allow the spinners to make best use of the cotton.

7. **Yarn Prices Differences between Countries**

The meeting was called upon to discuss the reasons for significant yarn price differences for 20s and 30s as published by Cotlook. As can be seen in below table the prices for yarns can differ significantly:

<table>
<thead>
<tr>
<th></th>
<th>20's yarn</th>
<th></th>
<th></th>
<th></th>
<th>30's yarn</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Q2/17</td>
<td>Q3/17</td>
<td>Q4/17</td>
<td>Q1/18</td>
<td>Q2/18</td>
<td>Q2/17</td>
<td>Q3/17</td>
<td>Q4/17</td>
</tr>
<tr>
<td>China</td>
<td>3.17</td>
<td>3.22</td>
<td>3.30</td>
<td>2.74</td>
<td>2.77</td>
<td>3.34</td>
<td>3.39</td>
<td>3.51</td>
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<tr>
<td>India</td>
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<td>2.52</td>
<td>2.56</td>
<td>2.56</td>
<td>2.55</td>
<td>2.80</td>
<td>2.80</td>
<td>2.81</td>
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<tr>
<td>Indonesia</td>
<td>2.56</td>
<td>2.56</td>
<td>2.56</td>
<td>2.43</td>
<td>2.40</td>
<td>2.85</td>
<td>2.85</td>
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<tr>
<td>Pakistan</td>
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<td>2.30</td>
<td>2.33</td>
<td>3.15</td>
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<td>2.79</td>
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<tr>
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<td>3.70</td>
<td>3.12</td>
<td>3.15</td>
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<td>2.79</td>
<td>2.98</td>
<td>3.00</td>
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</tbody>
</table>

Source Cotlook

In the discussions it was argued that the differences between yarn prices are the result of numerous factors like import tariffs/duties for yarns or different supply and demand situations.

The ITMF Secretariat was asked to make inquiries about possible reasons for such differences.
8. YESS-Survey Results

The Chairman informed the Committee about a survey (see document no. 2) published by YESS: Yarn Ethically & Sustainably Sourced. YESS is a spin-off of the Responsible Sourcing Network (RSN).

The survey’s questions covered the following areas:

- Sourcing sources
- Transaction documentation
- Speciality cottons
- Mixing of cotton
- Spinning technologies
- Recycling

While the results of the survey are quite informative, they are not really representative with only 15 respondents.

9. Next Activity

The Members of the Committee discussed possible activities in 2019. It was suggested that in the coming months the Chairman together with the ITMF Secretariat make a suggestion for a country visit.

10. Next Meeting

It was proposed that the next annual meeting of the Committee will be held in conjunction with the ITMF Annual Conference 2019 which will take place in Porto, Portugal from October 20-22, 2019.

11. Any Other Business

Mr. Kai Hughes, Executive Director of the ICAC, informed the Committee about an agreement between the ICAC Task force, CSITC (Chaired by Mr. Macdonald) and Uster Technologies regarding the promotion of CSITC. Uster for every new instrument sold they will pay a 2 year’s subscription to take part in the CSITC round trails, and in India one year for existing instruments.

December 2018