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Report Name: Exports Solidify as the Main Outlet for Spanish Cotton Production

Country: Spain

Post: Madrid

Report Category: Cotton and Products

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Report Highlights:

Post anticipates a fifteen percent decline in Spanish cotton production for MY2020/21. Abundant precipitation in the spring lowered cotton plantings while pest incidence reduced yields. Despite the lower supply, in light of a weaker domestic demand, exports will likely consolidate as the main outlet for the Spanish cotton production.

Disclaimer: This report presents the situation for cotton in Spain. This report contains the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data is not official USDA data.

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Abbreviations used in this report

Bales (1 Bale = 217.724 kg =480 lbs)
EU European Union
FAS Foreign Agricultural Service
GE Genetically engineered
Ha Hectares (1 Ha = 2.471 acres)
Harmonized Codes for Lint Cotton (HS code): 5201
MAPA: Ministry of Agriculture, Fisheries and Food
MS EU Member State(s)
MT Metric ton (1,000 kg)
MY Marketing year (Aug/Jul)
N/A Not Available
PS&D Production, Supply and Demand

General information

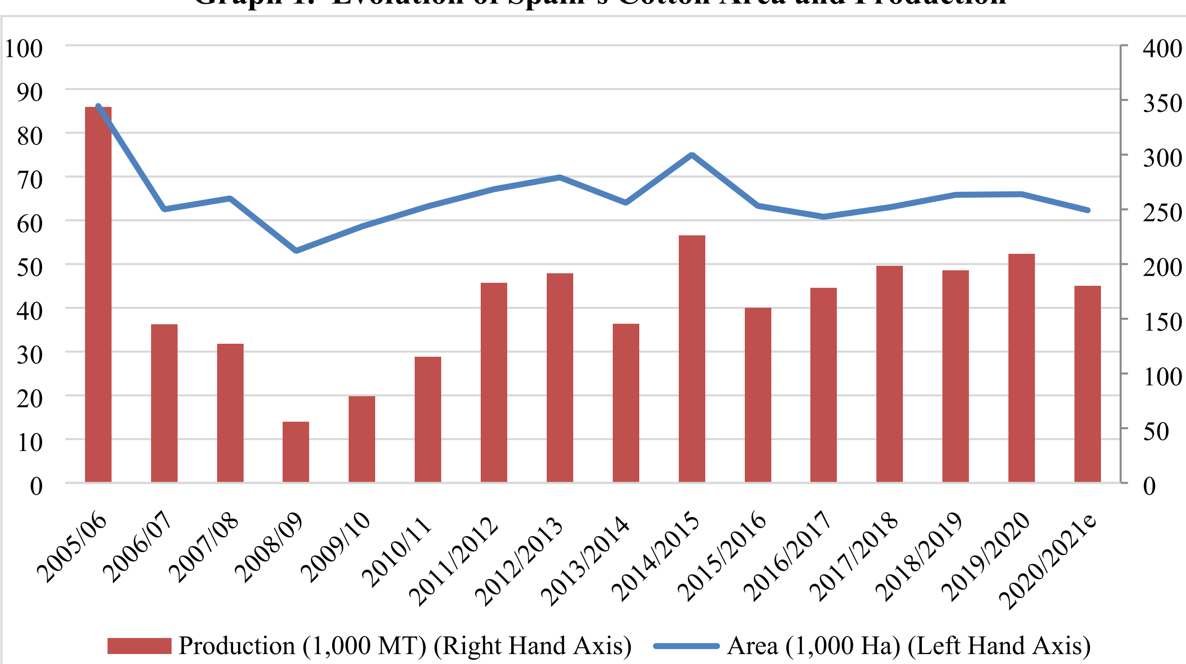
Area and Production

Spain is the second largest EU cotton grower after Greece. Spain's cotton production accounts for just above 20 percent of the EU cotton output.

Cotton in Spain is normally planted at the beginning of April, and virtually all cotton in Spain is grown under irrigation. Persistent Spring precipitation refilled dam water and ensured sufficient water storage for irrigation purposes. However, rains also resulted in extremely challenging planting conditions narrowing opportunities for planting (see GAIN Report SP2020-0016). This ultimately resulted in a five percent decline in area planted (See **Graph 1**). The unfavorable planting conditions also forced reseeding operations in some plots.

In addition to the difficulties affecting planting operations, the incidence of pest such as the Shredder bug (*Creontiades pallidus*) and the Pink Bolworm (*Pectinophora gossypiella*) reduced yields expectations. This is particularly the case in the provinces of Jaen and Cordoba, which represent nearly fifteen percent of the country's total cotton area. In the most affected plots, yields may not achieve the minimum 1,000 Kg/Ha required to be eligible for the Cotton Specific Support Scheme. Reportedly, in the provinces of Seville and Cadiz, where the remaining 85 percent of the cotton is grown, the impact of pest incidence in yields has been lower. Hence, industry sources anticipate a raw cotton production of about 180,000 MT for MY2020/21, which represents a fifteen percent reduction compared to the previous year.

Graph 1. Evolution of Spain's Cotton Area and Production



Source: FAS Madrid based on MAPA, Junta de Andalucía data and FAS Madrid estimates.

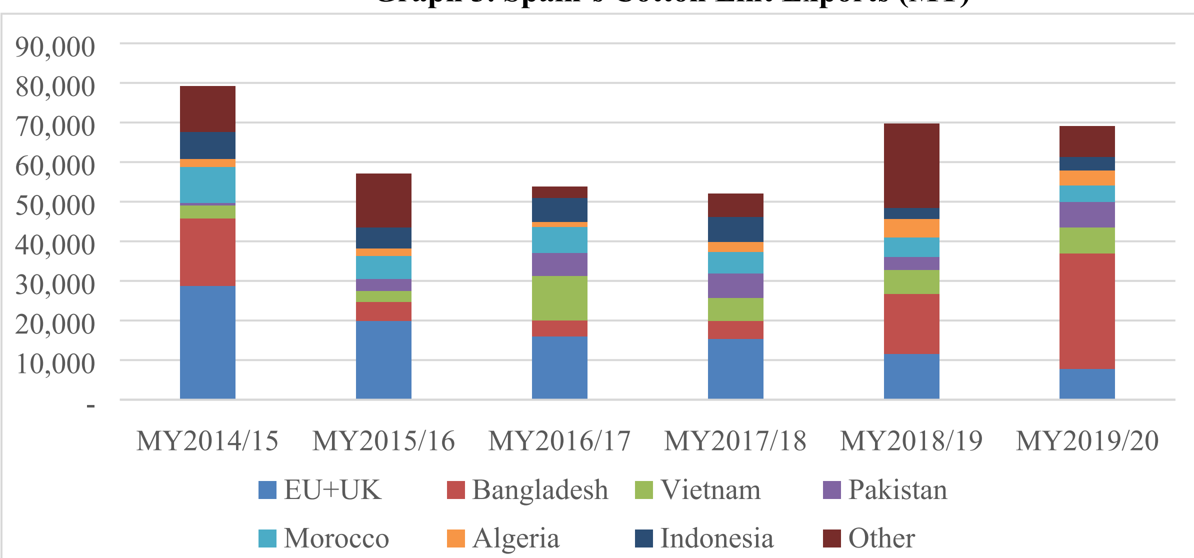
Consumption and Trade

The COVID-19 sanitary crisis has negatively impacted both domestic and international textile industries which has reduced demand for cotton lint. Movement restrictions and the increase of telework further reduced the activity of a sector that was already facing weaker demand caused by changes in consumption patterns.

In the absence of a strong domestic demand, exports are expected to remain the chief outlet for Spain's cotton lint production. Given the EU cotton sector's focus on exports, the European Cotton Alliance is working to communicate the identity features of European cotton to manufactures, retailers and consumers. For that purpose, since 2020, all the raw cotton bales produced in ginning mills located within the European Union are eligible to utilize the EU cotton label.

In MY2019/20, cotton lint exports held steady at similar values to those achieved in MY2018/19 (**Graph 3**). While other EU MS constituted the main destination for Spain's cotton lint, since MY2018/19, Spanish exports to Bangladesh have grown significantly. Asian markets continue to be the main destination for Spanish cotton, accounting for over 50 percent of the export sales. The anticipated lower crop will reduce exported volumes for MY2020/21.

Graph 3. Spain's Cotton Lint Exports (MT)



Source: Trade Data Monitor, LLC.

Production, Supply and Demand Data Statistics

Table 1. Cotton Lint Production, Supply and Demand

Cotton	2018/2019		2019/2020		2020/2021	
Market Year Begins	Aug 2018		Aug 2019		Aug 2020	
Spain	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	65	66	66	65	65	62
Beginning Stocks 1000 480 lb. Bales	75	75	34	32	24	20
Production 1000 480 lb. Bales	291	290	313	313	300	269
Imports 1000 480 lb. Bales	10	11	15	11	10	10
MY Imports from U.S. 1000 480 lb. Bales	0	0	0	0	0	0
Total Supply 1000 480 lb. Bales	376	376	362	356	334	299
Exports 1000 480 lb. Bales	322	320	318	318	275	260
Use 1000 480 lb. Bales	20	24	20	18	25	17
Loss 1000 480 lb. Bales	0	0	0	0	0	0
Total Dom. Cons. 1000 480 lb. Bales	20	24	20	18	25	17
Ending Stocks 1000 480 lb. Bales	34	32	24	20	34	22
Total Distribution 1000 480 lb. Bales	376	376	362	356	334	299
Stock to Use % (PERCENT)	9.94	9.3	7.1	5.95	11.33	7.94
Yield (KG/HA)	975	957	1033	1048	1005	945
(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)						

Source: FAS Madrid estimates.

Related Reports

Report	Date Released
Cotton and Products – Spain Annual 2020	03/16/2020
Cotton and Products – Spain Update 2019	11/12/2019
Cotton and Products – Spain Annual 2019	03/11/2019

Attachments:

No Attachments.