

**Voluntary Report** – Voluntary - Public Distribution

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**Report Highlights:**

Early spring precipitations in Andalucía came as a relief, refilling water reservoirs. However, this allowed for only a marginal recovery in area planted to cotton, as rains arrived when planting plans were already in place and largely oriented to less water-demanding crops such as winter grains or early spring-planted sunflower. While summer conditions will determine the final size of Spain's MY 2024/25 cotton crop, the projected recovery should allow for larger exported volumes.

**Disclaimer:** This report presents the cotton sector situation 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 are not official USDA data.

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**Abbreviations used in this report**

AITPA	Association for Industrial Textile Cotton Processing
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)
HS Code	Harmonized Codes (for Lint Cotton 5201)
IPAD	International Production Assessment Division
MAPA	Ministry of Agriculture, Fisheries and Food
MS	Member State(s)
MT	Metric ton (1,000 kg)
MY	Marketing year (Aug/Jul)
N/A	Not Available
PS&D	Production, Supply and Demand

## Production, Supply and Demand Data Statistics

**Table 1. Cotton Lint Production, Supply and Demand**

Cotton Market Year Begins	2022/2023		2023/2024		2024/2025	
	Aug 2022		Aug 2023		Aug 2024	
Spain	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b> (1000 HA)	52	52	51	52		52
<b>Beginning Stocks</b> 1000 480 lb. Bales	28	28	63	68		17
<b>Production</b> 1000 480 lb. Bales	178	183	90	75		185
<b>Imports</b> 1000 480 lb. Bales	15	15	15	14		14
<b>Total Supply</b> 1000 480 lb. Bales	221	226	168	157		216
<b>Exports</b> 1000 480 lb. Bales	143	143	125	125		145
<b>Domestic Use</b> 1000 480 lb. Bales	15	15	15	15		15
<b>Loss</b> 1000 480 lb. Bales	-	-	-	-		-
<b>Domestic Use and Loss</b> 1000 480 lb. Bales	15	15	15	15		15
<b>Ending Stocks</b> 1000 480 lb. Bales	63	68	28	17		56
<b>Total Distribution</b> 1000 480 lb. Bales	221	226	168	157		216
<b>Stock to Use %</b> (PERCENT)	39.87	43.04	20	12.14		35
<b>Yield</b> (KG/HA)	745	766	384	314		775

(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)

Source: FAS Madrid.

### Area and Production

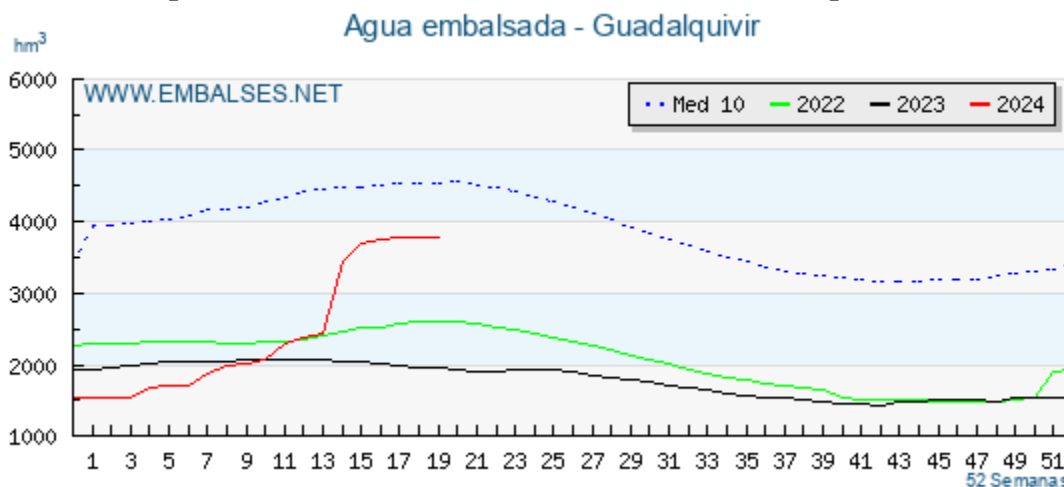
In MY 2024/25, Spain's cotton area is anticipated to stay at similar levels as in MY 2023/24 and amount to 52,000 Ha. After three consecutive years of tight supply, precipitations, particularly during early spring, improved soil moisture and water storage levels in the Guadalquivir River basin. However, precipitations came too late for a more significant recovery, as planting plans were already in place.

Given the negative outlook regarding water availability at the beginning of the hydrological year (**Graph 1**), farmers increased their more drought resilient winter grains plantings and early spring-planted sunflower, at the expense of planting intentions for more water-demanding crops such as cotton.

The country's cotton area is very inelastic, as it is virtually the only crop that adapts to the salty and warm areas where it is grown. On average years, area planted to cotton in Spain amounts to 63,000 Ha. Normally only slight area variations occur, depending on price spreads with alternative crops, although the limited water supplies have continued to push area down since MY 2021/22. Spain is the EU's second largest grower of cotton after Greece, accounting for just above 20 percent of the EU cotton output. Virtually all cotton in Spain is concentrated in the Andalucía (Guadalquivir River basin) and cultivated under irrigation.

As per output, for MY 2024/25, yields are projected at the historical average. Given the role that irrigation farming plays in stabilizing production, final irrigation water allocation amounts will be critical to determine final yields. Based on the current levels of water storage in the Guadalquivir basin, cotton producers could exceed those registered in MY 2022/23. However, other factors that are critical to determining final yields include temperatures and pest incidence during the summer months.

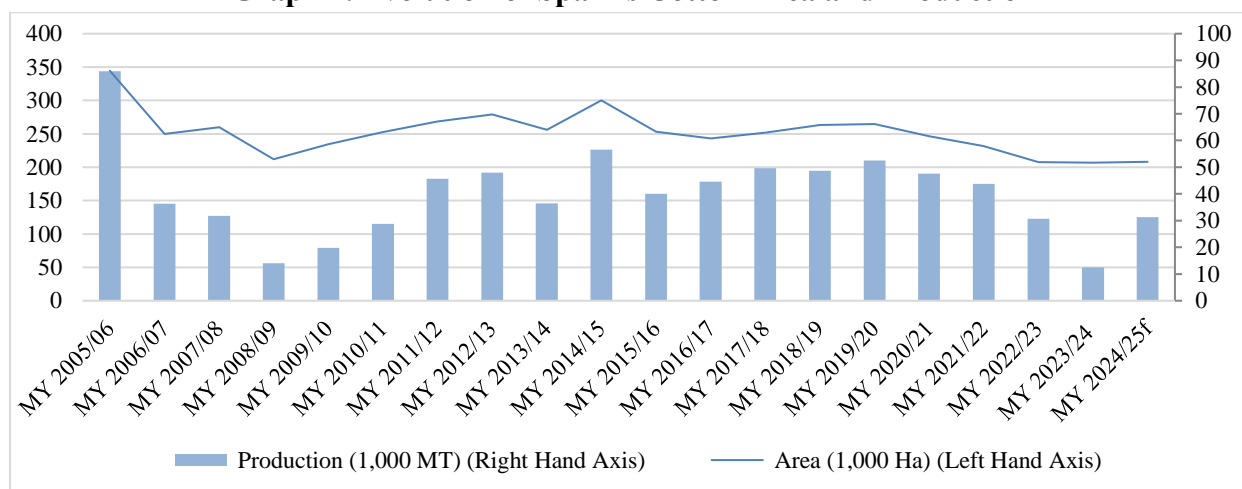
**Graph 1. Water Reservoirs Evolution in the Guadalquivir Basin**



Source: Embalses.net.

In MY 2023/24, irrigation water limitations in the Guadalquivir basin combined with low water storage levels provoked a significant reduction in area planted to cotton (see GAIN Report [Cotton and Products – Spain Update 2023](#)). Likewise, given the limited water available for irrigation purposes, farmers responded by reducing plant density and irrigation operations, which was ultimately detrimental for cotton yields (See **Graph 2**). Cotton production was also negatively affected by the higher-than-average temperatures registered.

**Graph 2. Evolution of Spain’s Cotton Area and Production**



Source: MAPA, Junta de Andalucía and FAS Madrid estimates

## Cotton Ginning Industry

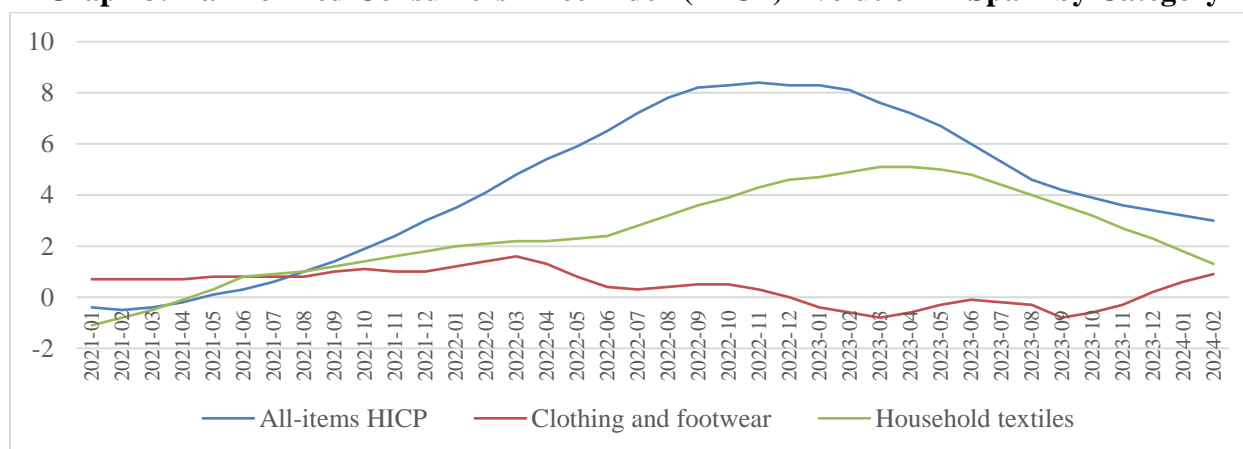
Spain's cotton ginning capacity remains stable. The country has [eight ginning plants](#) in Andalucía, located in the provinces of Sevilla (six of them), Cadiz and Cordoba (one in each province respectively). According to the Spanish industry, raw cotton processing rates are as follows:

- Cotton Lint yield = 32-33 percent (national weighted average) of total Seed Cotton delivered to ginneries;
- Cottonseed yield = 54 percent (national weighted average) of total Seed Cotton delivered to ginneries;
- The remaining 13-14 percent is moisture and waste.<sup>1</sup>

## Cotton Lint Processing Industry: Higher Value Products – Textile Products

According to the latest statistics by the Spanish National Statistics Institute (INE), after peaking in October 2022, the Consumer Prices Index (CPI) continues to contract, amounting to 2.9 percent in February 2023. However, whereas prices for household textiles also register a downwards correction, since October 2023, clothing and footwear prices are trending up, most likely due to global geopolitical tensions resulting in higher freight costs.

**Graph 3. Harmonized Consumers Price Index (HICP) Evolution in Spain by Category**

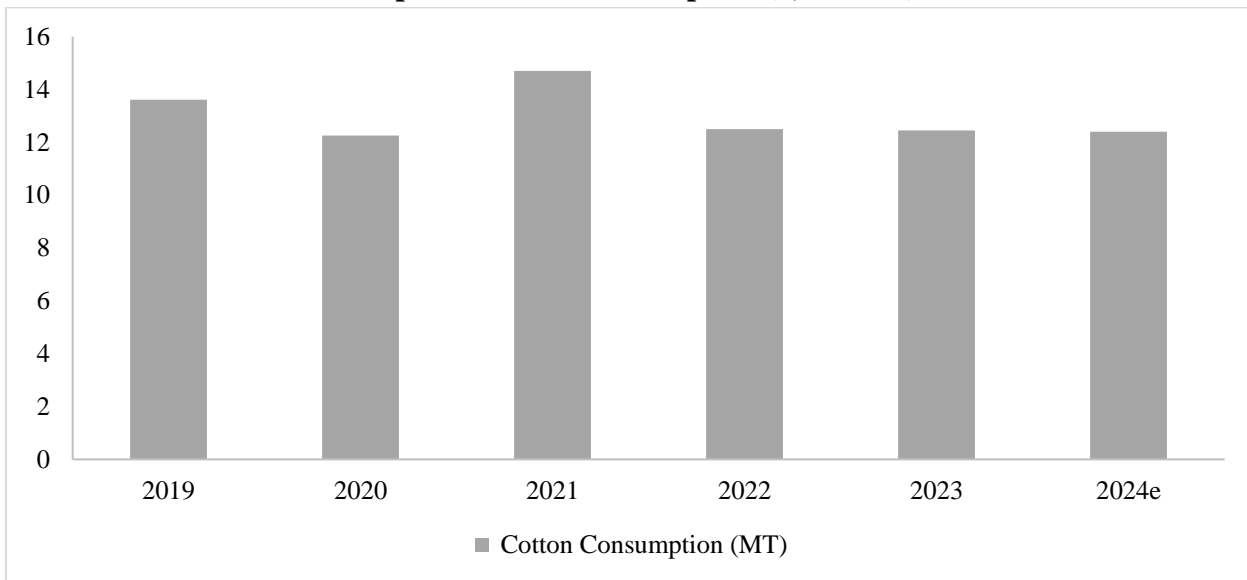


Source: [Eurostat. HICP - monthly data \(annual rate of change\)](#)

Spain's cotton textile processing industry is concentrated in Catalonia. According to the [Association for Industrial Textile Cotton Processing \(AITPA\)](#), industrial cotton consumption declined only marginally in 2023 (**Graph 4**). Cotton lint consumption by the domestic cotton textile industry is expected to flatten in 2024.

<sup>1</sup> Average moisture and waste content comply with quality requirements for the Cotton Quality Premium.

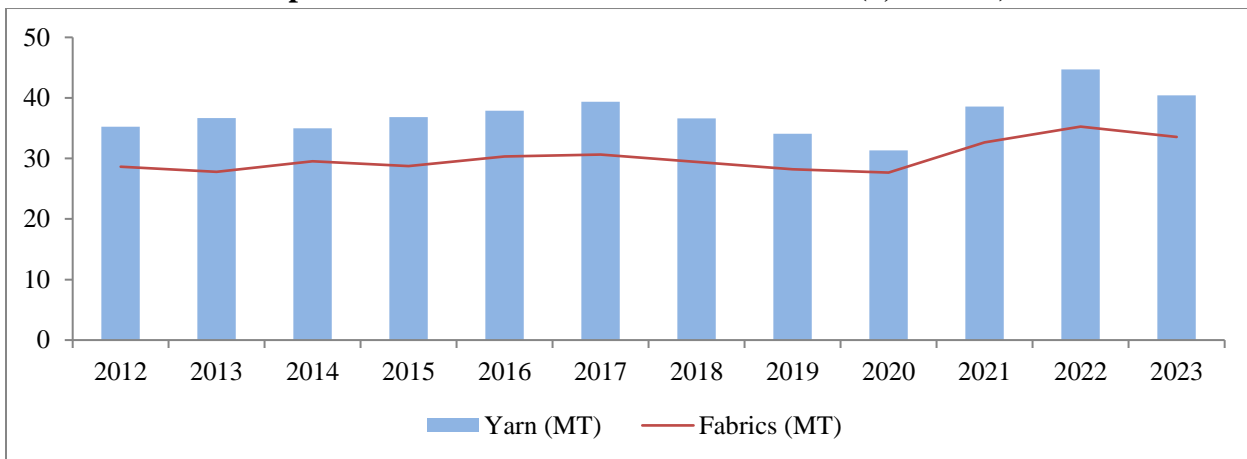
**Graph 4. Cotton Consumption (1,000 MT)**



Source: FAS Madrid based on AITPA (Association for Industrial Textile Cotton Processing) and FAS Madrid estimates.

After peaking in 2022, AITPA reports that yarn production declined by nearly 10 percent in 2023. Likewise, fabric production also declined by nearly 5 percent (see **Graph 5**).

**Graph 5 Cotton Yarn and Fabric Production (1,000 MT)\***



Source: FAS Madrid based on AITPA (Association for Industrial Textile Cotton Processing)

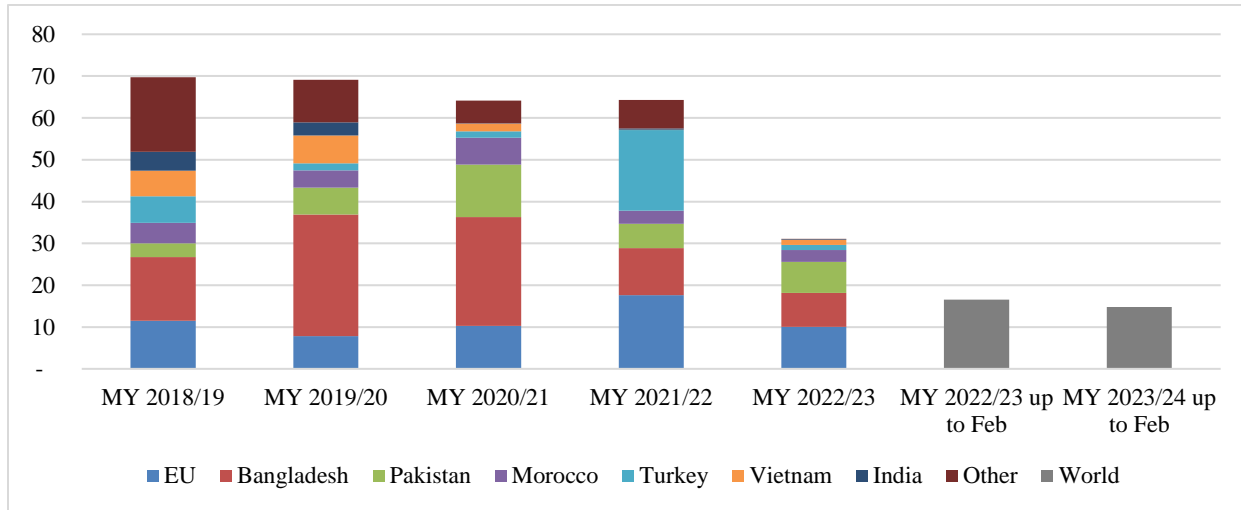
\* AITPA numbers include blends with synthetic yarns.

In 2023, the main destinations for Spanish yarns and fabric continued to be Morocco and other EU Member States, such as Italy, France, Germany and Portugal. The main origins of imported cotton products in 2023 included Pakistan, China and Turkey.

## Trade

In MY 2024/25, cotton lint exports are expected to bounce back after hitting bottom in MY 2022/23, provided that the anticipated production recovery materializes. Spain is normally a net exporter of cotton lint, with exports largely exceeding imports. Exports are the main outlet for Spain's cotton lint production. Other EU Member States, along with countries such as Bangladesh, Pakistan and Morocco, were Spain's main cotton lint export destinations in MY 2022/23 (**Graph 6**).

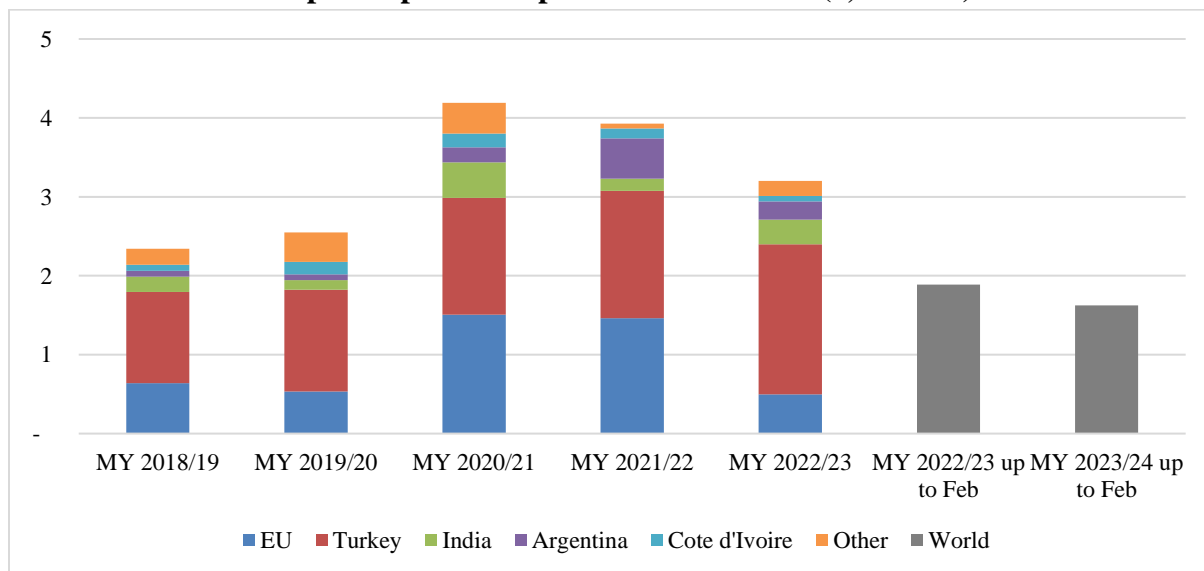
**Graph 6. Spanish Exports of Cotton Lint (1,000 MT)**



Source: Trade Data Monitor, LLC

MY 2024/25 cotton lint imports are anticipated to continue to flatten because of the combination of projected ample domestic supply and the stagnant internal demand. (**Graph 7**).

**Graph 7. Spanish Imports of Cotton Lint (1,000 MT)**



Source: Trade Data Monitor, LLC

## Policy

Given its agronomic diversity and decentralized organization, Spain has opted for a Strategic Plan for the 2023-2027 period (PEPAC) that reconciles its numerous interests and productive realities. Key aspects of the new Common Agricultural Policy (CAP), in place since January 2023, include the introduction of a results-focused<sup>2</sup> approach and increased environmental focus compared to the previous policy. The enhanced conditionality merges cross-compliance<sup>3</sup> with greening payment requirements (mandatory). Additionally, on a voluntary basis, farmers can adhere to eco-schemes defined at the Member State level. Another new aspect includes the introduction of "social conditionality" to ensure social and labor regulation compliance in those businesses benefiting from CAP subsidies. Spain's cotton farmers will be eligible for the **Basic Income Support for Sustainability Payment** and **Redistributive Payment** and the **Cotton Specific Support**. They may also adhere on a voluntary basis to the defined **eco-schemes**.

- **Basic Income Support for Sustainability Payment and Redistributive Payment:** Spain intends to achieve full convergence of the Basic Income Support for Sustainability Payment allocated to each of the 20 agronomic regions by 2029 through capping of payments and degresivity. The Redistributive Payment intends to shift support from large farms towards medium and small farms. Initial funding allocation for redistributive payments combined with funds collected throughout payments capping and degresivity will be used for redistributive payments, allocated to the first hectares of each farm.
- **Cotton Specific Support:** Direct payments contained in Spain's Strategic Plan count with a total allocated budget of 24.3 billion Euros for the period 2023-2027. The Cotton Specific Support, as established by Spain's EC Accession Treaty, serves as the only specific policy incentive for cotton production. In 2010, [Regulation \(EC\) 637/2008](#) introduced some amendments to the cotton regime: the national guaranteed area was reduced from 70,000 ha to 48,000 ha with a total budget of 59.7 million Euros, increasing the value per hectare, with less acreage benefiting from this payment. Additionally, since 2022, according to [Royal Decree 41/2021](#) (Spanish language only), the specific cotton payment amounts to 1,241.55 Euros/Ha. When area planted to cotton exceeds the national guaranteed area, correction factors are needed to adjust the reference area payment to the actual subsidy-eligible area (See **Table 2**). Specific conditions to be eligible to receive this coupled support are defined annually by a Ministerial Order<sup>4</sup> (Spanish language only) in Spain's National Gazette.

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<sup>2</sup> The CAP's key objectives across the EU include: to ensure a fair income to farmers, increase competitiveness, rebalance the power in the food chain, climate change action, environmental care, preserve landscapes and biodiversity, support generational renewal, vibrant rural areas, protect food quality and health. An additional crosscutting objective aims to foster farm modernization through knowledge, innovation, and digitalization in rural areas.

<sup>3</sup> Including Statutory Management Requirements (SMR), applicable to all farmers whether or not they receive support under the CAP and Good Agricultural and Environmental Conditions (GAEC), only applicable to farmers receiving CAP support.

<sup>4</sup> The [Order](#) for 2024 was open for comments until April 10, 2024.



**Table 2. Subsidies Available for Cotton Growers**

Support Scheme	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25e
Specific payment adjusted (€/ha)	978	1,028	996	960	953	990	1,046	1,167	1,159	1,170

Source: FEAGA and FAS Madrid estimates

*\*Industry estimate*

- **Eco-Scheme Regimes:** The enhanced conditionality merges cross-compliance with greening payment requirements. All direct payments are subject to the observance of these practices as they represent the baseline requirements to be met, whereas the eco-schemes are optional and go a step further. Farmers can adhere to eco-schemes on a voluntary basis. Spain has defined seven agricultural practices grouped in two big groups of eco-schemes: Low Carbon Agriculture and Agroecology. All Spanish agricultural holdings will have the option to adhere to at least to one eco-scheme. The eco-schemes have been defined as achievable targets that increase farms' environmental commitments. Cotton farmers will likely opt for the crop rotations in arable land regime (with sustainable management of inputs in irrigation systems).

## Related Reports

Report Title	Date Released
<a href="#">Cotton and Products – Spain Update 2023</a>	11/01/2023
<a href="#">Cotton and Products – Spain Annual 2023</a>	03/29/2023
<a href="#">Cotton and Products – Spain Update 2022</a>	10/18/2022
<a href="#">Cotton and Products – Spain Annual 2022</a>	04/01/2022
<a href="#">Cotton and Products – Spain Update 2021</a>	10/01/2021
<a href="#">Cotton and Products – Spain Annual 2021</a>	04/01/2021

### Attachments:

No Attachments.