Statement of the Polish Delegation for the 64. Plenary Session of the ICAC

Market Situation in Poland

The year 2004, was better for the Polish market than several previous years, as far as the volumes of imports and processing are concerned. It was reflected in the **increase of imports by ca. 5,8% and of consumption by ca. 3%**, when compared to 2003. After four years of constant drop, it was the first year of imports and consumption increase.

Imports, consumption, re-exports and stocks of cotton in 2004
[in tonnes]

IMPORTS		**56834**
CONSUMPTION		**56052**
RE-EXPORTS		790
Ending STOCKS 31 December 2004.		2942

In 2004 the cotton market in Poland was characterized by the following features:

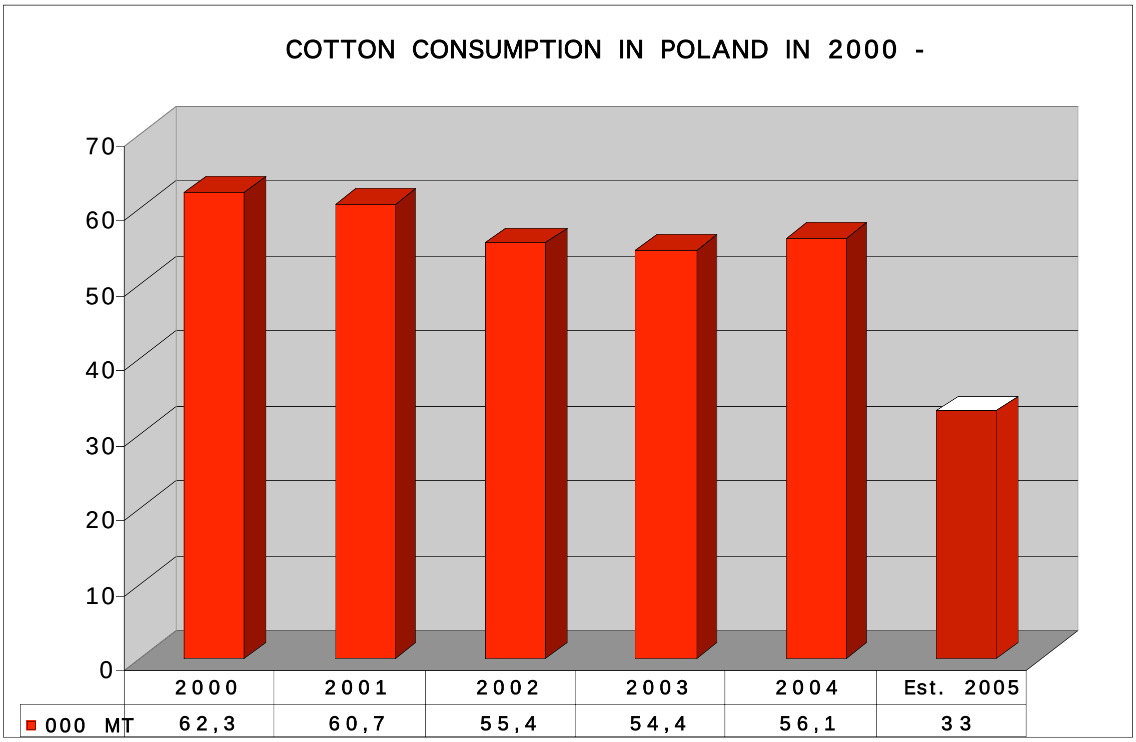
- low cotton prices (lower than the long-term average) – enhanced cotton purchases and processing;
- a strong exchange rate of PLN to USD favoured the importers, but strengthening position of zloty in relation to EUR limited the export of cotton products to the EU markets;
- expensive credits and payment fluency obstacles prevented the investments in Polish cotton industry;
- a mild domestic demand and simultaneously too great imports of cheap cotton products from China and other Asian countries adversely influenced the volume of cotton processed by the Polish industry.

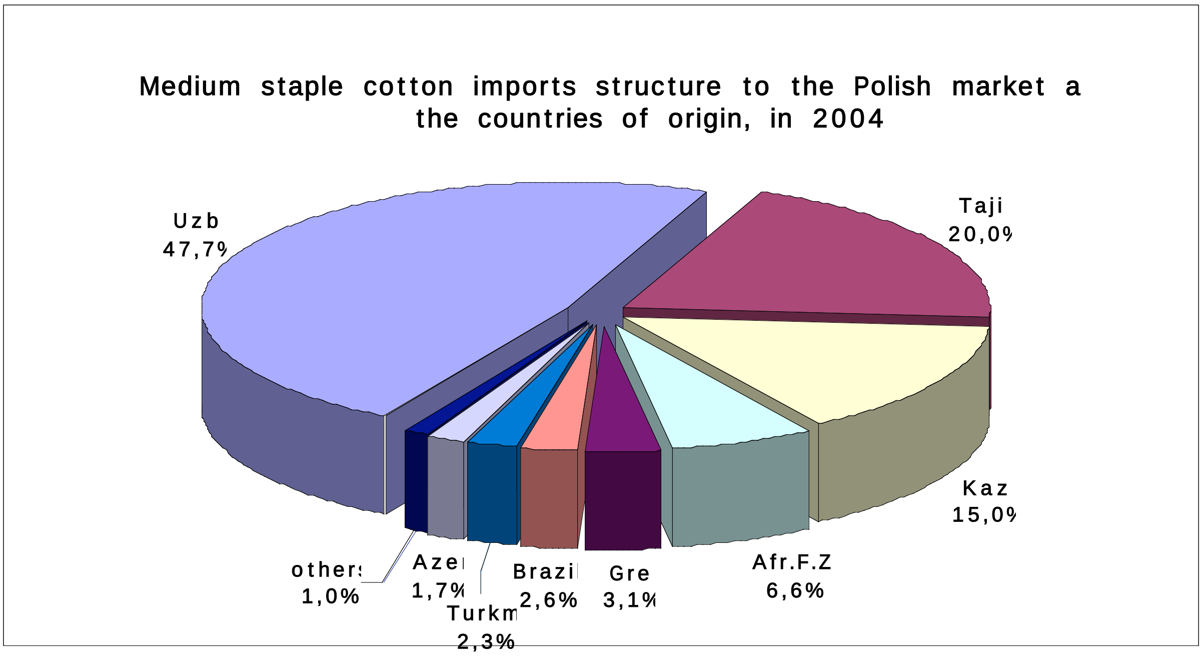
Since 1 January 2005 the situation of the Polish cotton sector has been worsening, mainly of the processing industry. On liquidation of the quotas on the import of textiles and clothing from China, the Polish market, as well as the whole UE and American markets has been overwhelmed with the cheap Chinese cotton products. Additionally, we have noted a significant decrease of unit prices of the majority of products. The result of these extremely adverse conditions was closing in the first half of 2005, two Polish spinning mills jointly processing ca. 8 thousand tonnes of cotton. Remaining spinning mills suppressed their yarn production by 30 – 50%.

In this situation, the representatives of the Polish industry pay attention to the necessity of considering to what extent the competitiveness of the European textile industry will deteriorate, if the European Commission decides to implement the system of registration, evaluation and authorisation of manufacture and usage of chemicals (REACH).

While it has been officially admitted that there is no possibility of execution of proper control of chemicals contained in the imported textiles, implementation of the REACH system will be the next muzzle for the competitiveness of the EU economy. Even if the Polish and European industries are ready to face the challenge and play fair - against countries employing unfair trading practices, neglecting intellectual property rights, international environment protection regulations, labour law, etc. – they will not manage without drastic changes in the EU administration policy.

During last five years, the cotton consumption in Poland has been between of 54 – 62 thousand tonnes. **On the basis of information concerning the first half of 2005, we estimate that if the external conditions do not change, and mainly, if the excessive imports of very cheap textiles and clothing at extremely low prices is not stopped – cotton consumption in Poland will drop to the level of 33 thousand tonnes.**





Since 15 year, the directions of cotton imports have not changed.
Central Asian cottons still dominate over the Polish market. Cotton from other regions constitutes only 13,3% of the fibre processed in Poland.

Last year, Uzbek cotton retained its first position on the Polish market with its 47,7% share, and since several years the constant drop of this share has been observed. It was 52,7% in 2003 and as much as 76,6% in 1998. In 2004, Tajik and Kazakh cottons were being bought more and more frequently. They reached respectively: 20 and 15% shares in the Polish market. Varieties popular so far, from Africa and Greece were imported in smaller volumes than in past years

Restructurisation of the cotton sector in Poland has been underway since 1989 and the share of private cotton processing sector is constantly growing. In 1998 it was 13%, at the beginning of 2000 – ca. 15%, in 2001 - ca. 28%, in 2002 – ca 56%, and in 2004 r. – ca. 77%
The privatisation progressed most quickly in the cotton trading sector, which has totally been in private hands, since 15 years.
Since the beginning of the political and economical changes in Poland, the Polish cotton sector **has neither been supported nor subsidised by the state and simultaneously there are no barriers in the trade of the raw material and textile products.**

Gdynia Cotton Association Contribution

The mission of the Association is to create economically and structurally strong cotton sector in Poland, as well as on the international arena.
This mission has been realised with:

- representation of the Polish cotton branch before the Polish Government and EU administration, as well as before the Polish and EU Parliaments;
- taking part in various forums, presenting issues important for the whole EU and world economy. ;
- information and statistics activities.

Thanks to the membership in EUROCOTON (Committee of the Cotton and Allied Textile Industries of the E.C.) and cooperation with EURATEX, the GCA has an influence on shaping the unified legislation and business environment, as well as on functioning of the European economy.
The GCA is promoting the principle of fair trade rules and merchants honesty, being convinced that the means to achieve this is the proper and profound knowledge about the law, cotton market and the raw material on the part of the participants of cotton turnover. One of the GCA most important aims is the education implemented by trainings and seminars organised periodically in Gdynia, such as full-time Cotton Classification Courses and International Cotton Conferences. **The 8th Conference** prepared together with the scientists from the Technical University in Łódź was just held on 22 – 23 September in Gdynia.
The GCA takes part in the works of Commercial Standardization of the Instrumental Testing of Cotton Task Force, whose works are expected to simplify the procedures of cotton turnover, in future. The GCA Accredited Laboratory offers cotton testing according to all Uzbek norms (UzRst 604/93, O'zDst 604/2001), Russian norm (GOST 3274-72, as well as according to the USDA standardisation.
As the member of International Forum for Cotton Promotion we intensify efforts to enhance the consumers' demand for cotton – by introduction and applying of the Pure Cotton Emblem, among others.
The GCA is closely cooperating with the most important international organisations, such as: ICAC (where GCA represents the Government of Poland), CICCA *(Committee for International Co-operation between Cotton Associations)*, *USDA (United Stated Department of Agriculture)*, European Cotton Associations, and since the moment of Poland's access to the European also with European organisations, like EUROCOTON, which the GCA joined this year.