



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

For Release May 2, 2003

World Cotton Production to Climb in 2003/04

The historically low cotton prices in 2001 are leading to reduced production and increased consumption in 2002/03. World ending stocks are declining by an estimated 1.7 million tons this season. As a result, the Cotlook A Index is projected to average 56 cents per pound this season, up 14 cents (24%) from the 29-year low in 2001/02. Higher prices combined with weaker-than-expected economic growth are expected to boost world production and slow the growth rate of world consumption in 2003/04. As a result, the Cotlook A Index tumbled below 59 cents per pound at the end of April 2003, after rising 76% from 35 cents in November 2001 to 61.5 cents per pound in March 2003, a two-year high.

2003 plantings in the Northern Hemisphere started with international cotton prices at their highest level, at this period of the year, since 1998. In addition to higher prices, structural factors continue to stimulate cotton production. With advances in technology, including genetic engineering, cotton production costs worldwide are coming down. World cotton area is expected to rise by 11% to 33.1 million hectares in 2003/04. World production is expected to climb to 21.1 million tons, up 1.9 million tons from 2002/03, and the second largest crop on record after 2001/02.

IMF projections released in April 2003 suggest that the world economy will grow by 3.2% this year, substantially lower than the 3.7% forecast last September. The rate of growth in world cotton consumption is expected to abate from an estimated 3.5% this season to 1% in 2003/04. World cotton consumption is projected to reach 21.1 million tons, up 200,000 tons from 2002/03, and equal to forecast production. The textile industry in China (Mainland) is fueling the increase in world cotton mill use. Net imports by China (Mainland) are forecast to double next season from an estimated 300,000 tons in 2002/03. Market fundamentals suggest that the Cotlook A Index will average 61 cents per pound in 2003/04.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2001/02	2002/03	2003/04	2001/02	2002/03	2003/04
	Million Tons			Million Bales		
Production	21.516	19.173	21.13	98.82	88.06	97.0
Consumption	20.204	20.922	21.07	92.80	96.09	96.8
Exports	6.495	6.375	6.56	29.86	29.28	30.1
Ending Stocks	10.537	8.789	8.84	48.40	40.37	40.6
Cotlook A Index	41.80	56*	61*	41.80	56*	61*

* US cents per pound. Statistical estimates are based on current estimates of supply and use; 95% confidence intervals extend 12 cents per pound above and below each point estimate.

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The International Cotton Advisory Committee is an association of 42 governments of cotton producing and consuming countries. The Secretariat of the Committee publishes information related to world cotton production, supply, demand and prices, and provides technical information on cotton production technology. Detailed statistics are found bimonthly in *COTTON: Review of the World Situation*, \$150 per year. A monthly outlook by fax is also available for \$275 per year or on the Internet for \$225 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$500 per year.