



INTERNATIONAL COTTON ADVISORY COMMITTEE

1629 K Street NW, Suite 702, Washington, DC 20006 USA

Telephone (202) 463-6660 • Fax (202) 463-6950 • email secretariat@icac.org

From the Secretariat

ICAC Press Release, April 1, 2004

International Trade to Shrink in 2004/05

Boosted by tightening world supply and record imports by China (Mainland), the Cotlook A Index is projected to average 75 cents per pound in 2003/04, up 19 cents (34%) from the previous season.

Planting for 2004/05 is starting with international prices at their highest level, at this period of the year, since 1997. Higher prices will stimulate production and restrain consumption in 2004/05. World production is expected to climb to a record of 22.2 million tons in 2004/05, up 2 million tons (10%) from 2003/04. Assuming normal weather, production in China (Mainland) is expected to rebound from 4.9 million tons in 2003/04 to a record of 6.3 million tons next season. In contrast, U.S. production is forecast down 2% to 3.9 million tons, partly due to competition from soybeans.

Cotton is not price-competitive with chemical fibers, despite the recent increase in crude oil prices. As a result, world cotton mill use is expected to stagnate in 2003/04 and to increase by less than 1% in 2004/05, to an estimated 21.3 million tons. Mill use outside China (Mainland) is expected down 1% to 14 million tons in 2004/05. Consumption in China (Mainland) is projected up 5% to 7.3 million tons, 34% of the world total.

Fueled by China (Mainland)'s imports, world exports are expected up 7% in 2003/04, surpassing 7 million tons for the first time. U.S. exports are projected at a record of 3 million tons, and the U.S. share of world exports is projected at 42%, the highest since 1960/61. The gap between production and use in China (Mainland) is expected to shrink to one million tons in 2004/05. Therefore, imports by China (Mainland) are forecast to decline from 1.65 million tons projected this season to 1.35 million tons in 2004/05. World exports are expected to decline to 6.4 million tons in 2004/05. U.S. exports are forecast down to 2.5 million tons next season.

With production expected to outpace mill use and reduced imports by China (Mainland) in 2004/05, the Cotlook A Index is projected to fall to 64 cents per pound, down 11 cents (15%) from the projected average for 2003/04.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2002/03	2003/04	2004/05	2002/03	2003/04	2004/05
	Million Tons			Million Bales		
Production	19.301	20.22	22.19	88.65	92.9	101.9
Consumption	21.147	21.17	21.33	97.13	97.2	98.0
Exports	6.610	7.06	6.44	30.24	32.4	29.6
Ending Stocks	8.601	7.65	8.51	39.50	35.1	39.1
Cotlook A Index	55.70	75*	64*	55.70	75*	64*

* 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.

(Press releases are available via e-mail. For further information, please contact us at Publications@icac.org)

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*, \$160 per year. A monthly outlook by fax is also available for \$300 per year or on the Internet for \$250 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.