



# INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

ICAC Press Release, March 1, 2004

## China (Mainland) Remains Key to Prices

World production is increasing by 900,000 tons (5%) to 20.2 million tons in 2003/04. With consumption about 800,000 tons above production, world ending stocks are declining to an estimated 7.8 million tons by 31 July 2004, a 9-year low, and the Cotlook A Index is forecast to average 72 cents per pound in 2003/04.

The current level of international prices implies a sharp increase in world cotton production next season. World cotton area is forecast to expand 7% to reach about 35 million hectares in 2004/05, the highest since 1995/96. Assuming a return to recent average yields, production in China (Mainland) is expected to rebound to a record of 6.3 million tons, up 1.4 million tons (29%). Production in the rest of the world is forecast up 4%, to 15.9 million tons, the highest since 2001/02. World production is expected to reach a record of 22.2 million tons in 2004/05, up 2 million tons, or 10%. Weather will again be critical in 2004.

Cotton consumption in China (Mainland) is projected up 5%, or 350,000 tons, to reach 7.1 million tons in 2004/05, outpacing anticipated domestic production by 800,000 tons. As China (Mainland) will need to replenish stocks, imports are expected to be 1.2 million tons in 2004/05, down 300,000 tons from the record projected for this season. Mill use outside China (Mainland) is expected to decline by some 200,000 tons to 14.1 million tons, a 9-year low.

Reduced imports by China (Mainland), combined with higher production and lower consumption in the rest of the world, will lead to 2004/05 world exports of an estimated 6.4 million tons, down half a million tons. U.S. exports are forecast down from a record of over 2.8 million tons in 2003/04 to 2.4 million tons next season.

World stocks are expected to increase to 8.9 million tons by 31 July 2005, and the season average Cotlook A index is projected to decline to 60 cents per pound in 2004/05.

### WORLD COTTON SUPPLY AND DISTRIBUTION

	2002/03	2003/04	2004/05	2002/03	2003/04	2004/05
	Million Tons			Million Bales		
<b>Production</b>	19.302	20.22	22.22	88.65	92.9	102.1
<b>Consumption</b>	21.115	21.01	21.18	96.98	96.5	97.3
<b>Exports</b>	6.617	6.94	6.42	30.39	31.9	29.5
<b>Ending Stocks</b>	8.613	7.82	8.86	39.56	35.9	40.7
<b>Cotlook A Index</b>	55.70	72*	60*	55.70	72*	60*

\* 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](mailto: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.