



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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China (Mainland)'s Imports to Double in 2005/06

World production soared by 2.5 million tons (27%) in 2004/05 to an unprecedented 26.2 million tons, while consumption reached a record of 23.4 million tons, up 2.1 million tons (10%). With production outpacing consumption, world ending stocks rose to an estimated 10.5 million tons by July 31, 2005, up from 8.1 million tons in 2003/04 and the highest since 2001/02. Imports by China (Mainland) fell to an estimated 1.35 million tons, down 580,000 tons (30%) from the record in 2003/04. As a result, the Cotlook A Index, a measure of international cotton prices, averaged 52 cents per pound in 2004/05, 16 cents (24%) below the average during the previous season.

Despite lower prices, structural factors continue to support cotton production. With advances in technology, including biotechnology, yields are rising while production costs are coming down. Government measures protecting cotton producers and exporters remain in place in several countries. As a result, world cotton area is declining by only 2% to an estimated 35 million hectares in 2005/06. World cotton production is forecast to decline by 2.1 million tons (8%) to 24.1 million tons in 2005/06, still the second largest crop on record.

The rate of growth in consumption is expected to decelerate to 2%. Nevertheless, world consumption is projected to reach a record of 23.9 millions tons, up over half a million tons from 2004/05. The textile industry in China (Mainland) will continue to serve as the locomotive for world mill use. China (Mainland) is expected to import a record 2.8 million tons, more than twice the volume it imported in 2004/05. The 2% revaluation of the yuan in July 2005 is expected to have a marginal impact on China (Mainland)'s textiles and apparel exports, benefiting its competitors without stemming flows into import markets. Record imports by China (Mainland) combined with lower production and rising consumption in the rest of the world will boost world trade. World cotton exports are projected to surpass 8 million tons for the first time in 2005/06, up 500,000 tons. Market fundamentals suggest that the Cotlook A Index will average 65 cents per pound in 2005/06, 13 cents above (25%) the previous average.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
	Million Tons			Million Bales		
Production	26.19	24.1	24.8	120.3	111	114
Consumption	23.38	23.9	24.6	107.4	110	113
Exports	7.54	8.0	8.2	34.6	37	38
Ending Stocks	10.50	10.7	10.9	48.2	49	50
Cotlook A Index	52.2	65*	65*	52.2	65*	65*

- US cents per pound; the statistical estimates for 2005/06 and 2006/07 are based on current estimates of supply and use;
- 95% confidence intervals extend 12 cents per pound above and below the 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 41 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.