



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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Southern Hemisphere Cotton Production Down Significantly in 2005/06

Cotton production in the southern hemisphere is estimated at 2.3 million tons, down 13% from last season, and should account for only 9% of the world's 2005/06 crop, down from 10% in 2004/05 and 11% in 2003/04. Cotton production is estimated down significantly in Argentina to 130,000 tons (-10%) and Brazil to 990,000 tons (-24%) due to drops in planted area. Dry conditions in Argentina delayed and reduced cotton plantings. In Brazil, changes in the exchange rate increased production costs and made even less favorable the below-average world prices at planting time; in addition some producers faced difficulties in obtaining loans from banks to finance production costs. Cotton production is also expected to drop in Australia to 580,000 tons (-12%) mainly because of an expected decrease in yield. However, production is forecast to increase by more than 50% in Zimbabwe to 115,000 tons, thanks to increases in both area and yield, because the supply of seeds and producer support from the ginning industry improved. Cotton production in Tanzania is expected to increase to almost 130,000 tons because better distribution of inputs encouraged producers to increase cotton area.

World cotton production is estimated at 24.9 million tons in 2005/06, down 5% from 26.3 million tons last season. 2005/06 world cotton consumption is estimated at 24.4 million tons, up 3% from 2004/05. As a result, world ending stocks are expected to rise to 11.3 million tons in 2005/06.

World cotton production is expected to increase by 2% in 2006/07 to 25.5 million tons, still below the 2004/05 record of 26.3 million tons. 2006/07 world cotton consumption is forecast up 3% to 25.1 million tons, still below cotton production. As a result world cotton stocks are expected to continue to rise during 2006/07 to 11.7 million tons, the highest ever.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
	Million Tons			Million Bales		
Production	26.29	24.9	25.5	120.8	115	117
Consumption	23.66	24.4	25.1	108.7	112	115
Exports	7.71	8.9	8.8	35.4	41	41
Ending Stocks	10.71	11.3	11.7	49.2	52	54
Cotlook A Index	52.2	59*	65*	52.2	59*	65*

* US cents per pound. The estimate for 2005/06 IS NOT A PRICE MODEL RESULT. The statistical estimate for 2006/07 is 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, \$170 per year. A monthly outlook by fax is also available for \$315 per year or on the Internet for \$265 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$420 per year.