

COSTS OF COTTON PRODUCTION

ICAC's Cost of Production Data

- ➔ Survey undertaken for over 25 years
- ➔ Last five reports are every three years
- ➔ Current data for 2003/04 season
- ➔ 30 countries, about 90% of world area

Cost of Production - Methodology

- Pre sowing - Rent, presoaking irrigation, etc.
- Sowing - Seed, herbicides, fertilizers, etc.
- Growing - Thinning, weeding, fertilizers, insecti., etc
- Harvesting - Picking, stick cutting
- Ginning - Transportation, ginning, classing
- Economic - Management, interest, repairs, etc.
- Fixed - Tractors, power supply, etc.

Cost of Production - Methodology

Operation/Item	Unit	Quantity/ha	Cost/unit	Cost in local currency	Cost in US\$
1. Pre sowing					
Land rent					
.....					
Sub total					
2. Sowing					
Seed					
.....					
Sub total					

Cost of Production Data

- ➔ World Average
- ➔ By Region
- ➔ By Country
- ➔ By Input

Cost of Production Data

1. Argentina (Santiago)
2. Australia (Irrigated)
3. Brazil (Cerrado)
4. China (Mainland)
5. India (Average)
6. Mali
7. Pakistan (Punjab)
8. Turkey
9. USA

Sources of Data

- Coordinating Agencies in ICAC member countries
- Government designated cotton companies
- Research institutions
- Same questionnaire

Data is an official data

Exceptions to the Data

- Method of collecting data is not uniform
- Complete data are not available from all countries
- Data on certain items is not available
- Quality of cotton is not the same
- Price is not the same

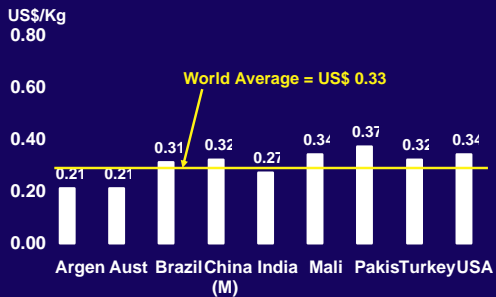
Ownership Cost of Seedcotton: World

Cost per hectare = US\$ 617
 Average yield = 1,850 kg seedcotton per ha
 Cost per kg = US\$ 0.33

Ownership Cost of Seedcotton by Region

Region	Cost/kg	% of World
North America	0.34	103
South America	0.32	97
Africa	0.36	109
Asia	0.34	103
Europe	0.70	212
Australia	0.21	64
World	0.33	100

Cost of Production of Seedcotton



Total Cost of Lint: World

Cost per hectare = US\$ 1,139
 Average yield per ha = 642 kg lint
 Cost per kg = US\$ 1.77

Note: Land rent and seed value included.

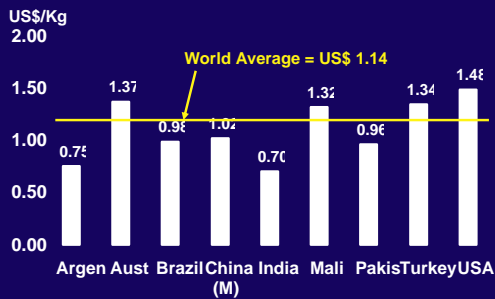
Net Cost of Lint: World

Average land rent per ha	= US\$ 241
Average value of seed per ha	= US\$ 166
Net cost per hectare	= US\$ 732
Average yield per ha	= 642 kg lint
Cost per kg	= US\$ 1.14 (52 cents per pound)

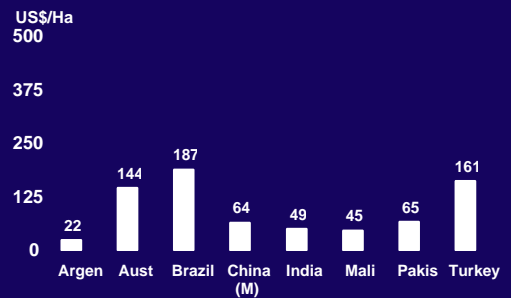
Net Cost of Lint by Region

Region	Cost/kg	% of World
North America	1.48	130
South America	1.09	95
Africa	1.40	123
Asia	1.14	100
Europe	3.72	326
Australia	1.08	95
World	1.14	100

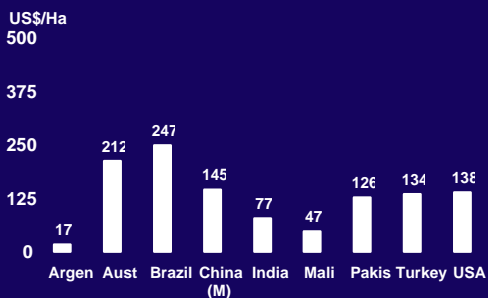
Net Cost of Lint



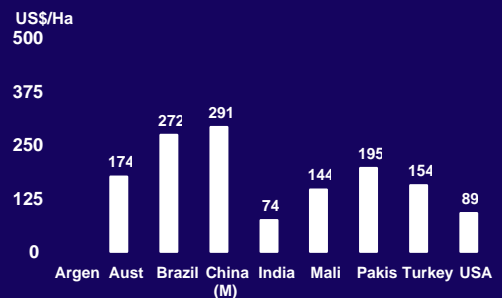
Weed Control Operations



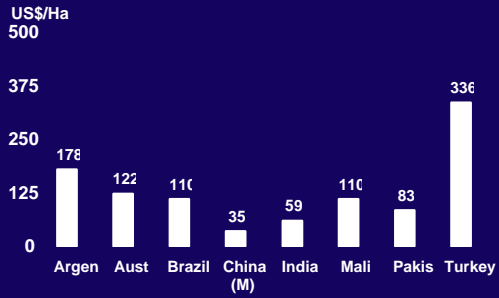
Insect Control



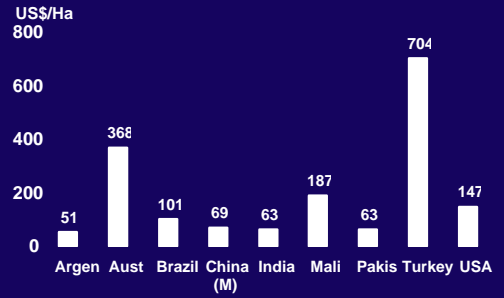
Fertilizer Costs



Harvesting Costs



Ginning Costs



Conclusions

- Cost of seedcotton production does not vary greatly among countries.
- Cost of seedcotton production in the USA is close to the world average.
- Cost of lint per kg varies greatly among countries.
- Ginning, economic and fixed costs are responsible for most variation in cost per kg of lint.
- Cost of lint per kg in the USA is 30 % higher than the world average.