Costs of Cotton Production

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Cost of Production Survey

Duration	Every three years
Current data	2012/13
Data sources	Coordinating Agencies & Others

Cost of Production Survey - 2012/13

Countries	31 countries
Area	27.3 million ha (80%)
Production	23.8 million tons (90%)

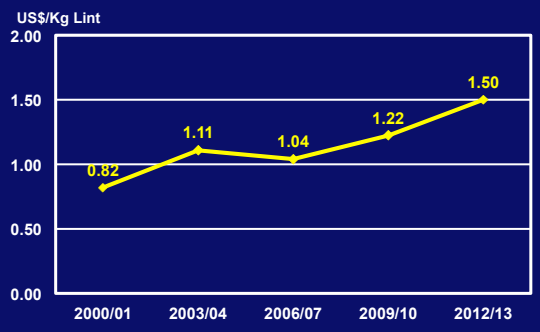
Net Cost of Production

What is net cost?

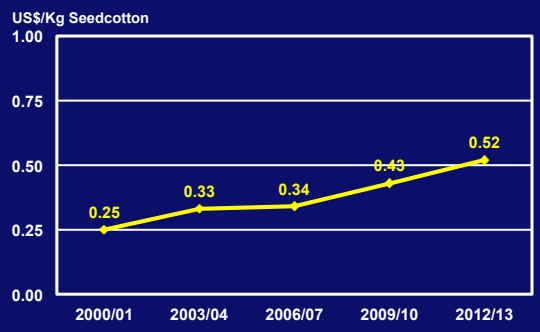
All costs (including pre sowing to harvesting, ginning, economic and fixed costs)

- minus land rent
- minus income from seed after ginning

Cost of Lint Production - World



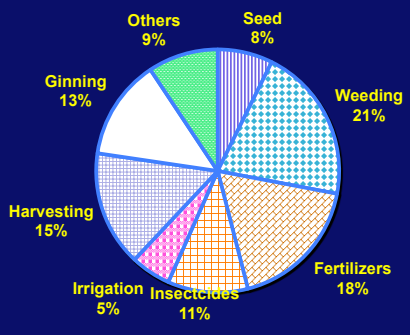
Cost of Seedcotton Production - World



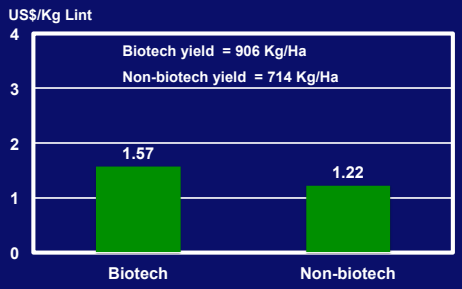
Components of Cost of Production

Net cost/kg	$1.50/kg lint
Seed	= 0.11
Weeding	= 0.31
Fertilizer	= 0.27
Insecticides	= 0.16
Irrigation	= 0.08
Harvesting	= 0.23
Ginning	= 0.20
Others	= 0.14

Structure of Cost of Lint Production – World



Biotech vs. Non-biotech Countries



Notes: 1. Countries with higher cost of production adopted biotech cotton. 2. Non-biotech countries could lower cost per kg lint by adopting biotech cotton.

Biotech vs. Non-biotech Countries

- Yield higher in biotech countries by 27%
- Net income lower in biotech countries

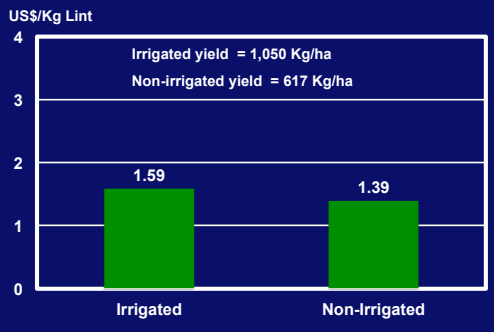
Environmental safety, escape from risks of handing toxic insecticides, build up of bio control agents, and many other benefits are common across biotech cotton producing countries.

Irrigated vs. Non-irrigated Countries

	Rainfed	Irrigated
Cultivated land	80%	20%
(UNESCO, 2012)		
Production	60%	40%
ICAC cotton	39%	61%
Production	27%	73%

Cotton is planted on 2.5% of the cultivated land and uses less that 3% of water

Cost of Irrigated vs. Non-irrigated Cotton



Net Income from Irrigated vs. Non-irrigated

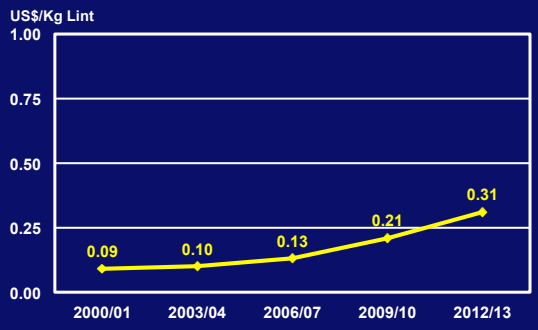
Income Per Hectare

Cotlook A Index Price for 2012/13 = US$1.94/kg lint

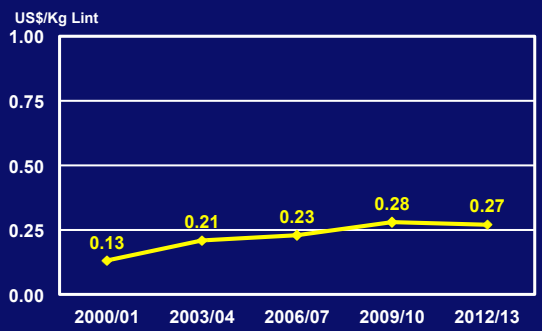
Irrigated net income = US$ 367

Non-irrigated income = US$ 339

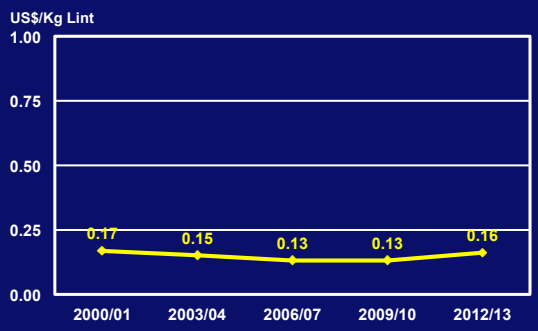
Cost of Weeding



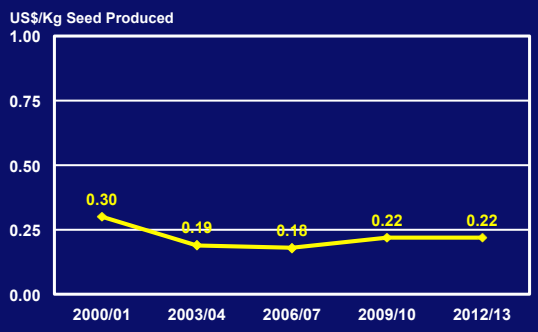
Cost of Fertilizer



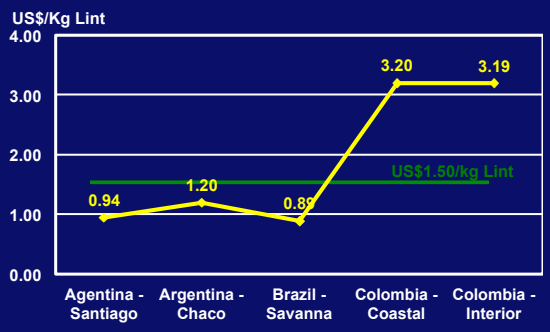
Cost of Insecticides



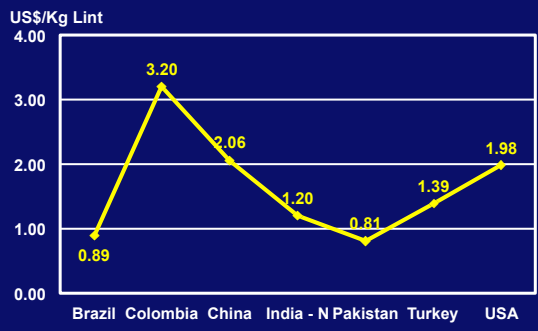
Seed Value After Ginning



Cost of Lint Production – 2012/13



Cost of Lint Production – 2012/13



Reasons for High Cost in Colombia

1. Technology fee is the highest in the world
2. Picking cost almost double
3. Cost ginning is also almost double

Cost of Production - Conclusions

1. Cost of production is rising, +23% in 3 years
2. Weeding has emerged the most expensive component of cost, 21% in 2012/13
3. Cost of fertilizers increased but now stabilized
4. Cost of insecticides is declining, almost 50% of weeding now.

Cost of Production - Conclusions

5. Value of seed after ginning is not increasing
6. Cost of irrigated cotton is higher but income is better
7. Cost of production is the highest in Colombia

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