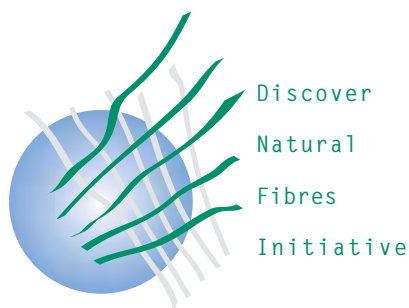




COTTON :

Review of the World Situation

International
Cotton
Advisory
Committee

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January-February 2013

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SUPPLY AND DISTRIBUTION OF COTTON

February 1, 2013

Seasons begin on August 1

	2008/09	2009/10	2010/11	2011/12 Est.	2012/13 Proj.	2013/14 Proj.
	Million Metric Tons					
BEGINNING STOCKS						
WORLD TOTAL	12.257	11.942	8.676	9.605	14.053	16.72
CHINA	3.321	3.585	2.688	2.087	6.181	7.77
USA	2.188	1.380	0.642	0.566	0.729	1.04
PRODUCTION						
WORLD TOTAL	23.503	22.247	25.368	27.444	25.949	23.20
CHINA	8.025	6.925	6.400	7.400	7.000	6.15
INDIA	4.930	5.185	5.865	6.001	5.610	5.59
USA	2.790	2.654	3.942	3.391	3.703	2.89
PAKISTAN	1.926	2.070	1.907	2.294	2.093	1.95
BRAZIL	1.214	1.194	1.960	1.877	1.443	1.39
UZBEKISTAN	1.000	0.850	0.910	0.880	1.000	0.87
OTHERS	3.617	3.369	4.385	5.601	5.100	4.36
CONSUMPTION						
WORLD TOTAL	23.862	25.520	24.502	22.783	23.287	24.02
CHINA	9.265	10.192	9.580	8.635	8.290	8.12
INDIA	3.872	4.300	4.509	4.358	4.707	5.18
PAKISTAN	2.519	2.393	2.100	2.163	2.336	2.55
EAST ASIA & AUSTRALIA	1.714	1.892	1.796	1.646	1.829	1.89
EUROPE & TURKEY	1.458	1.600	1.549	1.495	1.509	1.55
BRAZIL	1.000	1.024	0.958	0.888	0.897	0.91
USA	0.771	0.773	0.849	0.718	0.740	0.74
CIS	0.596	0.604	0.577	0.576	0.602	0.62
OTHERS	2.666	2.743	2.583	2.303	2.377	2.46
EXPORTS						
WORLD TOTAL	6.609	7.798	7.612	9.934	8.298	7.87
USA	2.887	2.621	3.130	2.526	2.656	2.33
INDIA	0.515	1.420	1.085	2.410	0.878	0.75
AUSTRALIA	0.261	0.460	0.545	1.010	0.907	0.93
BRAZIL	0.596	0.433	0.435	1.043	0.750	0.59
UZBEKISTAN	0.650	0.820	0.600	0.550	0.572	0.57
CFA ZONE	0.469	0.560	0.476	0.585	0.832	0.97
IMPORTS						
WORLD TOTAL	6.647	7.928	7.725	9.708	8.298	7.87
CHINA	1.523	2.374	2.609	5.342	2.900	1.99
EAST ASIA & AUSTRALIA	1.714	1.989	1.825	1.895	2.152	2.12
EUROPE & TURKEY	0.862	1.170	0.972	0.710	0.933	1.10
PAKISTAN	0.417	0.342	0.314	0.191	0.410	0.70
CIS	0.231	0.209	0.132	0.129	0.102	0.60
TRADE IMBALANCE 1/	0.038	0.130	0.114	-0.226	0.000	0.00
STOCKS ADJUSTMENT 2/	0.007	-0.122	-0.051	0.013	0.000	0.00
ENDING STOCKS						
WORLD TOTAL	11.942	8.676	9.605	14.053	16.715	15.90
CHINA	3.585	2.688	2.087	6.181	7.771	7.77
USA	1.380	0.642	0.566	0.729	1.037	0.85
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA 3/	57	39	50	56	60	51
CHINA 4/	39	26	22	72	94	96
COTLOOK A INDEX 5/	61.20	77.54	164.26	100.01	87*	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China's ending stocks divided by World-less-China's mill use, multiplied by 100.

4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S. cents per pound.

* The price projection for 2012/13 is based on the ending stocks/mill use ratio in the world-less-China in 2010/11 (estimate), in 2011/12 (estimate) and in 2012/13 (projection), on the ratio of Chinese net imports to world imports in 2011/12 (estimate) and 2012/13 (projection), and on the average price for the first six months of 2012/13.

95% confidence interval: 76 to 102 cents per pound.

SUMMARY OF THE OUTLOOK FOR COTTON

Maybe the Dog Will Bark... Higher Cotton Prices?

The Secretariat noted last month, that just as in a Sherlock Holmes novel where the telling clue is the dog that did not bark, the key to understanding the cotton market was in recognizing what was not happening. Among other things, cotton prices during the first five months of 2012/13 did not exhibit the usual level of volatility. However, cotton prices rose in mid-January. The Cotlook A Index fluctuated around an average of 83 cents per pound from early June 2012 to early January 2013. It then increased quickly, from 83.10 cents per pound on January 10, 2013 to 90.35 cents per pound on January 31, 2013, the highest price for the current season.

This recent price increase has taken place albeit hugely bearish global supply and use statistics. In 2012/13, global

cotton production is estimated down by 5% to 25.9 million tons, while cotton mill use is expected to rise by 2% to 23.3 million tons, still 2.7 million tons below production. As a result, cotton stocks at the end of July 2013 are forecast up by 19% to a record 16.7 million tons. The global stocks-to-use ratio is forecast at 72% in 2012/13, the highest since 1945/46 when the ICAC started to estimate cotton stocks.

However, a large part of global cotton stocks are in the hands of the Chinese government. Subtracting the Chinese national reserve from global stocks, the Secretariat estimates that “free” global ending stocks increased from 9.3 million tons in 2010/11 to 9.4 million tons in 2011/12, and could increase to 9.7 million tons in 2012/13, far below the stock level with the China national reserve included. The stocks-to-use ratio in the world minus the China national reserve increased from 38% in 2010/11 to 41% in 2011/12, and is expected to rise to 42%

Figure 1. Cotlook A Index in 2012/13

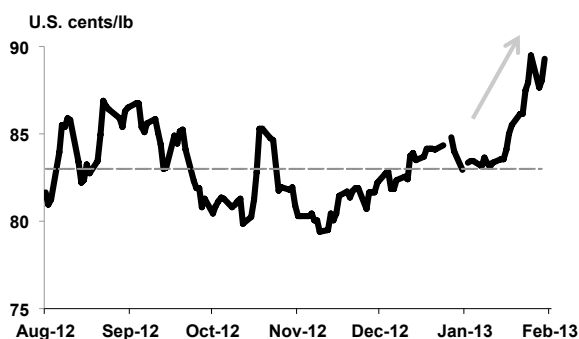
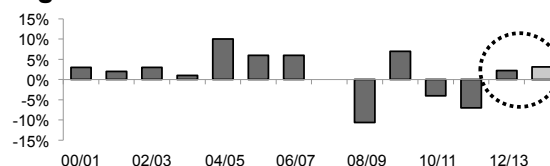
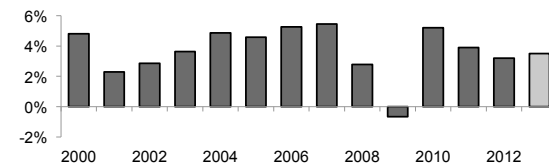


Figure 2. Growth in World Cotton Mill Use



Growth in World GDP*



* IMF, January 2013.

Figure 3. World Cotton Production & Mill Use

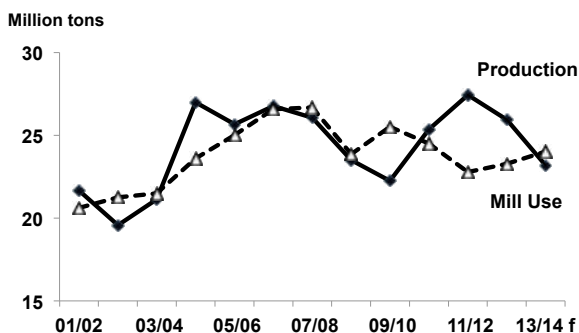
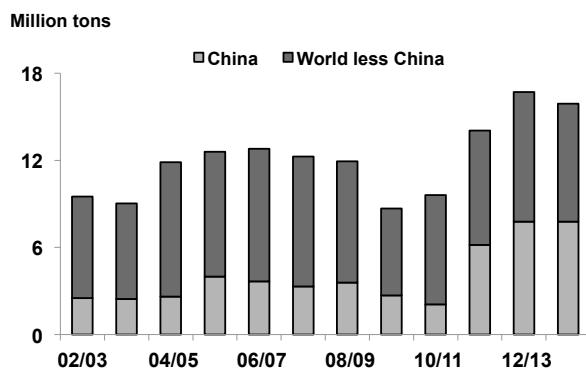


Figure 4. World Ending Stocks



in 2012/13, also far below the level reached with the China national reserve included. International cotton prices have thus benefited significantly from the support of the Chinese government.

While the Chinese government started auctioning some of its reserve cotton to domestic spinning mills in mid- January, up to the end of January the average daily quantities sold have been lower than the quantities purchased and have not seemed to discourage imports. Chinese policies remain unclear, but it does not seem that reserve cotton will be released in quantities large enough at one time to significantly undermine domestic and international prices.

Finally, at the mid-point of this season most Northern Hemisphere crops have been harvested and are in the process of being sold and shipped, while the coming crops are still far away and looking smaller than last year. In the Southern Hemisphere, cotton has for the most part finished being planted on a reduced area, as farmers switched to more attractive crops. Brazil is planning to produce 1.4 million tons of cotton, down 23% from 2011/12, and Australia 945,000 tons, down 21%. Extreme heat at the beginning of January could increase abandonment and reduce yields in Australia. Northern Hemisphere plantings for the 2013/14 season, which are only a month away, are expected to decline. Cotton area is

expected to drop by 8% to 28.4 million hectares and production is forecast at 20.5 million tons, down by 11% from 2012/13. The largest percentage drops in production are expected in the United States and in Turkey, where cotton has become less attractive than grains and soybeans over the last year.

With this issue of Cotton This Month, Ms. Armelle Gruère is finishing her tenure as Statistician for the ICAC. In seven years Armelle has learned the cotton industry thoroughly and she became a recognized authority on world cotton supply and use. She has encouraged improvements in the collection and reporting of cotton statistics in member countries and has developed strong relationships with analysts around the world. We wish her well.

The Secretariat welcomes Dr. Caterina Au as the seventh statistician in its history. Dr. Au holds a PhD in Public Policy from George Mason University, and an MA in International Commerce & Policy. Her dissertation was on “Diffusion and Adoption of Genetically Modified Cotton: Interaction of Agricultural Policies and Farm Households in the U.S.” She is originally from Hong Kong and has lived in China for several months conducting research on cotton biotechnology. She has extensive experience in technology development, including data management software.



COTTON PRODUCTION IN RETREAT FOLLOWING TWO RECORD YEARS IN THE SOUTHERN HEMISPHERE

By Caterina Au and Armelle Gruère, ICAC

Following a record cotton production of 27.4 million tons and a record ending stock of 14 million tons in 2011/12, global cotton production in 2012/13 is forecast at 25.9 million tons, down 5% from the previous season. In line with the global decline, cotton production in the southern hemisphere is forecast at 3 million tons, down 22% from 3.8 million tons, and its share in global production is expected to fall from 14% to 11%.

In 2012/13, in response to lower cotton prices compared with the previous two seasons, farmers are increasingly abandoning cotton in favor of more lucrative alternatives, such as soybeans in Argentina, Brazil and Zambia, and maize in Zimbabwe. Area planted to cotton in the southern hemisphere is estimated to shrink 24% from a record 4.6 million hectares in 2011/12 to 3.5 million hectares. Hence, a decline in output in all major cotton countries in the southern hemisphere is expected: the biggest drop is expected in Brazil, where production could fall by one-fourth to 1.4 million tons; followed by Australia, down an estimated one-fifth to 945,000 tons; and Argentina, down 19% to an estimated 170,000 tons. In Southern Africa,

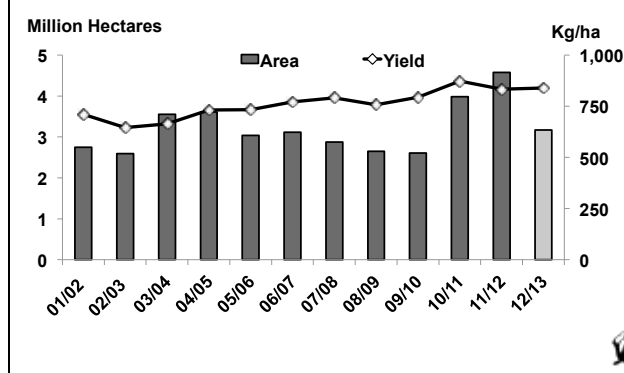
cotton production in Zambia and Zimbabwe is also expected to decrease by 35% and 16%, respectively.

Brazil

In 1999/00 Brazil produced 700,000 tons of cotton. Production has since expanded considerably. In 2012/13 Brazil is expected to produce 1.4 million tons and export 750,000 tons. It is the fifth largest producer in the world and the largest cotton producing country in the southern hemisphere, accounting for 6% and 49% of the world and southern hemisphere's total production, respectively, in 2012/13.

Following a record production of close to 2 million tons in 2010/11, cotton production is expected to decline for the second season in a row as future cotton prices remain unfavorable and farmers shift to the more profitable soybeans and maize. In 2012/13 area planted to cotton is forecast at 985,000 hectares, down 29% from the previous season. Cotton area in Mato Grosso and Bahia, the top two cotton producing states in Brazil, are forecast at 530,000 hectares and 292,000 hectares, down by 27% and 30%, respectively.

Figure 1. Southern Hemisphere Cotton Area and Yield



Well drained soils, moderate temperature, and the rainfall pattern in Mato Grosso are favorable to cotton production. In Mato Grosso cotton is planted as a full season crop in December or as a second crop (safrinha) after soybeans are harvested in January. Despite the fact that safrinha cotton is more vulnerable to climatic stress and generally does not yield as well as full season crop, it was rapidly adopted after introduction several years ago along with a new variety of very early maturing soybean. The combination of the new soybean and cotton varieties has allowed farmers to produce two crops per year in the same field, and shortened the cotton growing period from 210 days to 160 days. The Mato Grosso Institute of Agricultural Economics (IMEA) and the Cotton Producers of Mato Grosso (AMPA) estimated that two-thirds of Mato Grosso's cotton area will be safrinha cotton in 2012/13. In 2012/13, the average cotton yield is forecast at 1,464 kilogram per hectare, up 9% from 1,347 kilogram per hectare in the previous year.

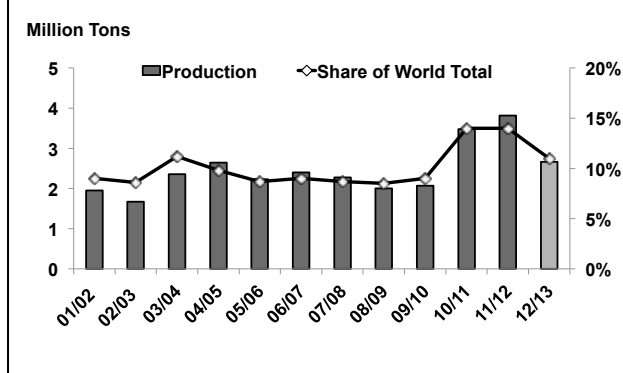
A record crop in 2010/11 boosted exports to a record of 1 million tons in 2011/12. 2012/13 exports are estimated at 750,000 tons, down 28% from 2011/12 due to declining production, increasing consumption and stronger competition from other countries.

Australia

Australia is the second largest cotton producer in the southern hemisphere. Australia's cotton production is expected to account for 4% and 32% of the world and southern hemisphere's total cotton production, respectively, in 2012/13. Following a record production of 1.2 million tons in 2011/12, cotton production is projected at 945,000 tons, down 21%.

Despite the decline in prices since last season, irrigated cotton production remains attractive to farmers compared to its alternatives. Irrigated area is estimated down by only 7% to 419,000 hectares. However, dryland cotton production is losing area to grains, whose prices have increased: dryland area is estimated down by 85% to 23,000 hectares. Recent extreme heat across production regions might increase the

Figure 2. Southern Hemisphere Cotton Production



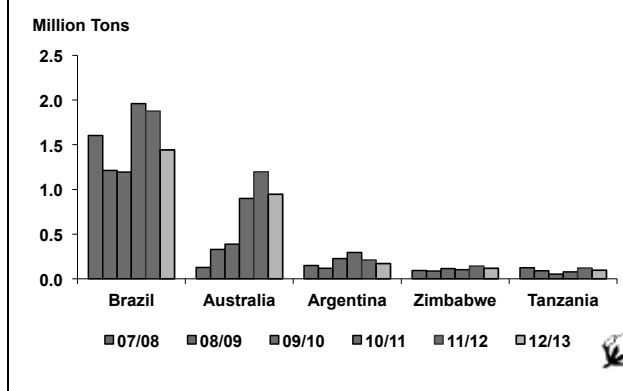
abandonment rate in dryland areas. The increase in the share of irrigated area in total area is expected to boost the average yield to a record close to 2,100 kilograms per hectare.

Argentina

Argentina is the second largest cotton producing country in South America after Brazil and the third largest cotton producer in the southern hemisphere. Argentina's cotton production is expected to account for 6% of the southern hemisphere's total cotton production in 2012/13. In the past two decades, cotton production has been fluctuating between a high of 437,000 tons in 1995/96 and a low of 65,000 tons in 2001/02-2002/03 with an average of 198,000 tons, and a range of planted area between 969,000 hectares and 146,000 hectares in 1995/96 and 2002/03 respectively. As future cotton prices remain weak, farmers are switching to soybeans and sunflower with higher earning potential. In 2012/13, area planted to cotton is forecast at 370,000 hectares, down 30% from 528,000 hectares, and production at 170,000 tons, down 19% from 210,000 tons the previous year.

Last season was an abnormal crop year for Argentine farmers because the La Niña weather pattern caused drought and

Figure 3. Cotton Production in the Southern Hemisphere – Major Countries



higher-than-normal temperatures which resulted in decreased cotton yield and quality. The forecast for 2012/13 is normal with cooler temperatures and more rain, and the cotton yield is expected to increase 16% from 398 kilogram per hectare to 459 kilogram per hectare, still 77 kilograms below Argentina's record cotton yield of 536 kilograms per hectare in 2010/11.

Southern African Countries

Cotton production is expected to decrease across Southern Africa in 2012/13: Tanzania production is forecast down 18% to 97,000 tons, Malawi production down 9% to 35,000 tons, Mozambique production down 39% to 37,000 tons; and in south central Africa, Zambia production down 35% to 72,000

tons, and Zimbabwe production down 17% to 119,000 tons.

Despite the expected decline in output, exports by African countries are forecast to increase in 2012/13. Exports by Zimbabwe and Zambia, the top two cotton exporters, are forecast at 121,000 tons and 92,000 tons respectively, up 13% and 53% from 2011/12. Zimbabwe's cotton exports have been trending upward from 79,000 tons since 2006/07. Exports by Malawi and Mozambique are forecast at a record 34,000 tons and 53,000 tons, respectively, up over 40% from a year earlier. Tanzania's cotton exports are forecast at 67,000 tons, up 86% from a year ago, but still 27,000 tons below its record exports of 94,000 tons in 2005/06.



COTTON PRICE FORECASTS

By Alejandro Plastina, ICAC

The ICAC Secretariat has been forecasting season-average cotton prices since 1988. In 2007, after two seasons of very poor forecasting results, the Secretariat adopted a new econometric model, based on fundamental factors of the world cotton economy: stocks-to-mill use ratios and trade. The model uses four explanatory variables, which are themselves combinations of estimates and projections of stocks and mill use, trade, and judgment on whether Chinese trade is dominated by government actions or by private activity. Forecasts generated with the 2007 ICAC Price Model were published monthly from August 2007 to February 2011. In 2011, the model results were highly unsatisfactory within the environment of record-high-volatility.

The goodness of fit of the model, i.e. how well the model "explains" prices, is measured by the coefficient of determination (R^2). If the goodness of fit is one, the model "explains" all changes in prices, while if the goodness of fit is zero, the model cannot "explain" changes in prices at all. The goodness of fit of the model declined from 0.885 in August 2007 to 0.803 in April 2011 (figure 1).

On average, the difference between the monthly forecasts produced with the ICAC Price Model between August 2007 and July 2008 and the actual 2007/08 season-average Cotlook A Index amounted to 4.7 cents. The main reason behind the difference was the increase in cotton prices generated in the futures market in February 2008 unrelated to cotton supply and use that could not be captured by the model.

The average difference between monthly forecasts published between August 2008 and January 2009 and the actual 2008/09 season-average amounted to 12.4 cents. However, the average difference between the forecasts from late January 2009 to June 2009, and the actual 2008/09 season-average amounted to 1 cent. The change in January reflected the changes introduced to mill use projections based on the observed slowdown in textile demand and the change in Chinese stocks after the purchase of 2.7 million tons of cotton for the national reserve.

The average difference between monthly forecasts published between August 2009 and June 2010 and the actual season-average amounted to 7.5 cents, but the gap declined from 17 cents in August 2009 to 6 cents in February 2011. The main reason behind the differences was the unforeseen faster-than-expected recovery in textile demand, which resulted in the estimated stocks-to-mill use ratio outside China changing from 63% in August 2009 to 39% at the end of the season.

The forecasts published between August 2010 and February 2011 averaged 94 cents, while the average A Index over that period amounted to 130 cents, and the actual 2010/11 season-average finally amounted to 165 cents. The Secretariat expected at that time that Chinese cotton stocks would fluctuate according to market fundamentals rather than government decisions, and that the stocks-to-mill use ratio outside China would remain stable in 2010/11. The Chinese government liquidated one million tons of cotton from the national reserve, and the stocks-to-mill use ratio outside China increased from 50% to 55% in 2010/11.

In February 2012, the Secretariat conducted a series of statistical tests on how to improve the explanatory power of the model. No variable was found to add explanatory power to the model by correlating with cotton prices in 2007/08, 2009/10 and 2010/11 and not correlating with the other explanatory variables. By adding dummy variables for 2007/08, 2009/10 and 2010/11 to the ICAC Price Model, the explanatory power of the "expanded model" increased from 0.608 to 0.921. However, this tweak of the model does not improve its predicting power, and virtually the same forecast of the season-average Cotlook A Index is obtained with or without the dummy variables.

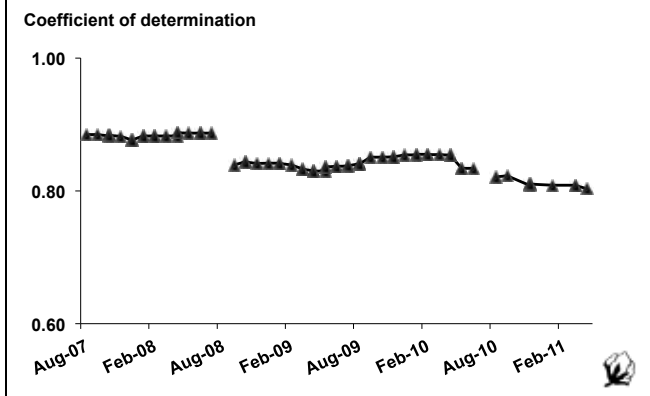
As of February 2012, the "expanded model" forecasted a 2011/12 season-average Cotlook A Index of US\$1.28 (with a 95% confidence interval ranging from US\$1.15 to US\$1.43), assuming that almost 40% of the gain in global stocks would take place in China and that net Chinese imports would

represent 43% of world cotton imports. Net Chinese imports ended up representing 55% of world cotton imports, and 91% of the gain in global stocks took place in China. The actual 2011/12 season-average A Index amounted to US\$1.00 per pound.

The forecast presented to the 521st Standing Committee Meeting on December 13 2012 using the “expanded model” for 2012/13 was 84 cents per pound, with a 95% confidence interval ranging from 70 cents to 103 cents. It assumed that the stocks-to-mill use ratio outside China would increase from 55% in 2011/12 to 63% in 2012/13, and that Chinese imports would halve in 2012/13 to 2.5 million tons.

As of February 1, 2013, the “expanded model” forecasts the A Index to average 87 cents per pound, with a 95% confidence interval ranging from 76 cents to 102 cents. It assumes that the stocks-to-mill use ratio outside China will increase from 56% in 2011/12 to 60% in 2012/13, and that Chinese imports will decline by 46% in 2012/13 to 2,9 million tons.

Figure 1. Explanatory Power of the 2007 Price Model



The variability of the forecasts from the ICAC Price Model is mainly explained by the variability of its explanatory variables, in particular the projected changes in stocks and mill use outside China. The quality of the price forecasts ultimately depends on the Secretariat's forecasts of those variables.



WILL SOUTH EAST ASIA BE THE NEXT CHINA IN YARN PRODUCTION?

By Alejandro Plastina, ICAC

Introduction

In the previous issue of the Review, three articles focused on an incipient trend towards a relocation of yarn spinning capacity away from China and into ASEAN countries.¹

In the first article, Mr. Xi Jin from the China National Cotton Information Center emphasizes the challenges faced by the textile manufacturing industry in China, and forecasts a structural change towards development of brands, technology and retailing, and away from textile manufacturing.

In the second article, Mr. Robert Miller from Cotton Council International discusses regional trends in South East Asia and foresees that yarn manufacturing will change from “Made in China” to “Made by China” in ASEAN countries (particularly Indonesia and Vietnam).

In the third article, Mr. Robert Antoshak of Olah Inc. provides an explanation of the recent change in the sourcing strategy (from domestic yarns to foreign yarns) of the Chinese textile manufacturing industry, and how this is pushing some spinners to move out of China entirely (for places such as Vietnam, Bangladesh and Cambodia).

Among the major factors behind the trend of yarn spinning capacity relocation cited by the three articles are labor costs, raw cotton costs, appreciation of the Chinese currency, Chinese government interventions, and favorable ASEAN trade agreements with developed countries.

This article complements the previous discussion by analyzing some aspects of the business environment in ASEAN countries and China in an attempt to assess how fast the relocation of spinning capacity could occur. The variables considered are labor costs, difficulty to start a business, difficulty to get electricity, and difficulty in trading across borders. All variables are derived from several issues of the World Bank's report *Doing Business*.²

A simple assessment of the recent trends in shipments of spinning machinery to ASEAN countries and China with data from several issues of the International Textile Machinery Shipment Statistics report by the International Textile Manufacturing Federation (ITMF) serves as the basis to understand the distribution of current spinning capacities in the area.

1) The Association of Southeast Asian Nations (ASEAN) is composed of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

2) Available online at <http://www.doingbusiness.org/>

Current Spinning Capacity

Among the countries considered in this article, only China accounts for a substantial share of installed world cotton yarn production capacity. China accounts for about half of the world capacity in short staple spindles, and about one-third of world capacity in open-end rotors (table 1).³ Indonesia is the ASEAN country with most cotton spinning capacity, followed by Vietnam and Thailand. Malaysia, the Philippines and Myanmar have small spinning capacities, while Cambodia, Singapore and Laos have no installed capacity.

Over the last five years of available data⁴ (2006-2011), shipments of new short staple spindles to China, Vietnam and Indonesia followed similar increasing trends, although China did not suffer a decline in the number of spindles shipped in 2009 (figure 1). However, shipments to companies in China averaged 6.4 million spindles

Table 1. Installed Spinning Capacity in China and ASEAN countries in 2010

Country	Spindles (Short Staple)	Open End Rotors	Spindles (Short Staple)	Open End Rotors
	count		as % of world total	
China	120,000,000	2,260,000	49.3	29.9
Indonesia	8,819,577	117,256	3.6	1.5
Malaysia	600,000	6,000	0.2	0.1
Myanmar	250,000	1,600	0.1	0
Philippines	250,000	50,000	0.1	0.7
Thailand	3,622,000	48,000	1.5	0.6
Vietnam	3,656,756	104,348	1.5	1.4
World	243,573,557	7,566,164	100	100

Source: ITMF

per year, while shipments to Vietnam and Indonesia averaged, respectively, 326,000 spindles and 311,000 spindles. Shipments of short staple spindles to Thailand, Myanmar and Malaysia were minor. No shipments were registered for the Philippines in 2006-2011. Similar conclusions about trends and scales can be drawn for shipments of open-end rotors, although the scale of shipments for this type of machinery is substantially smaller than the scale of shipments for short staple spindles (figure 2).

Labor Costs

Using the monthly minimum wage for a 19-year-old worker or an apprentice in the manufacturing sector as a proxy for labor costs in the textile sector of the ASEAN countries and China (figure 3), the following conclusions emerge:

- Labor costs increased in all countries between 2008 and 2013, from 5% in Cambodia, to 115% in China, to 227% in Vietnam.
- All countries except Malaysia (US\$263.4) have lower minimum wages than China (US\$204.2) in 2013.
- Since 2010, minimum wages in all countries (except

Figure 1. Cumulative Shipments of Short Staple Spindles, 2006-11

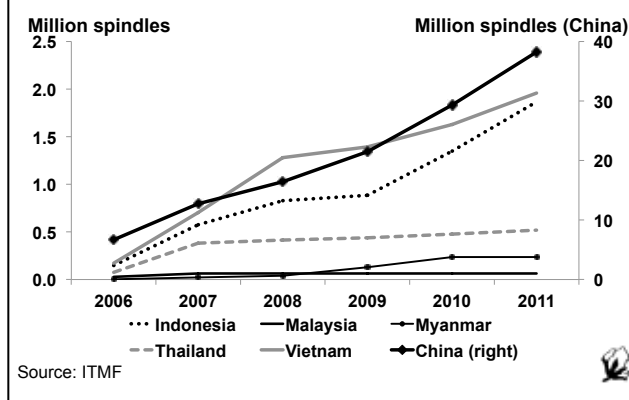


Figure 2. Cumulative Shipments of Open End Rotors, 2006-11

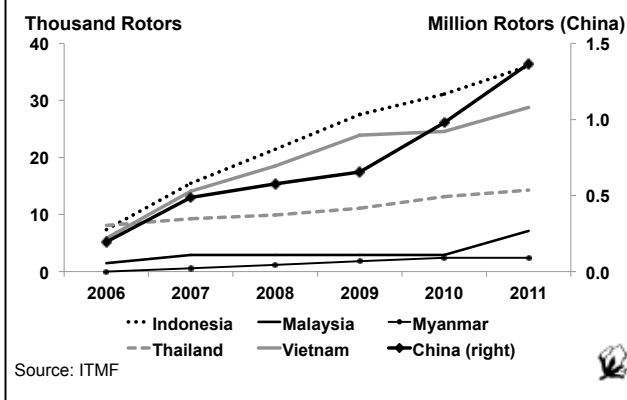
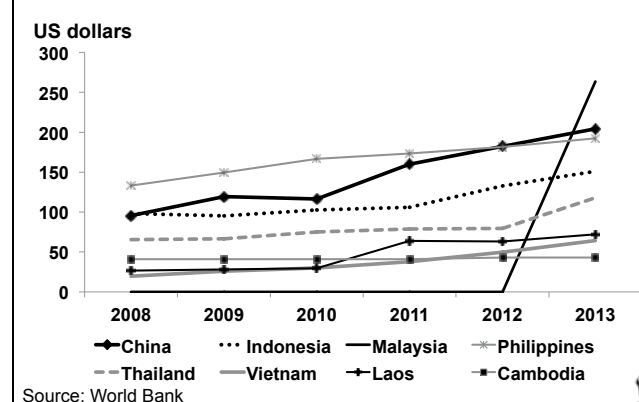


Figure 3. Minimum Wage for Apprentice in Manufacturing Sector



3) Long-staple spindles are excluded from the analysis because very little installed capacity exists in ASEAN countries.

4) Data on shipments in 2012 will become available by mid-2013.

Cambodia and Laos) are getting closer to that of China.

- In 2013, Cambodia has the lowest labor costs (US\$43), followed by Vietnam (US\$64.5), Laos (US\$ 72), Thailand (US\$117.9), Indonesia (US\$151.9), and the Philippines (US\$ 192.5).

Difficulty in Starting a Business

Two variables from the Doing Business report are used in this article as indicators of the difficulty in starting a business: the time it takes to start a business and the time it takes to get electricity. Despite the limited nature of the approach (because, for example, no cost measure is provided, and the quality of the electricity service is not taken into account), it provides a rough idea of how fast a new yarn spinning company could be set up in each country.

The time it takes to start a business is calculated as the time it takes for an entrepreneur to start up and formally operate a 100% domestically owned industrial or commercial business, complying with all procedures officially required, or commonly done in practice. These procedures include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities. Presumably, if the company is not 100% domestically owned then the time it takes to start a business could be longer than reported.

Analyzing the time (in days) that it takes to start a business in each country (figure 4), the following conclusions emerge:

- The difficulty in starting a business has declined between 2004 and 2013 in all ASEAN countries and China.
- In 2013, the least amount of time required to open a business is 3 days in Singapore, followed closely by Malaysia (6 days).
- The difficulty in starting a business in China (33 days) is currently similar to that of Thailand (29 days), Vietnam (34 days) and the Philippines (36 days).
- The most time it takes to start a business in the region is

92 days in Cambodia, followed by 85 days in Laos, and 47 days in Indonesia.

The time to getting electricity is calculated as the number of days it takes for a business to obtain a permanent electricity connection and supply for a standardized warehouse. It accounts for the applications and contracts with electricity utilities, all necessary inspections and clearances from the utility and other agencies and the external and final connection works.

Analyzing the number of days to getting electricity (figure 5), the following conclusions emerge:

- It takes the same number of days to get electricity in 2013 as it did in 2010 in all countries but Indonesia, where it takes longer now.
- The shortest times are observed in Thailand (35 days), Singapore (36 days), Malaysia (46 days), and the Philippines (50 days).
- The longest times are observed in Cambodia (183 days), China (145 days), Laos (134 days), Vietnam (115 days), and Indonesia (108 days).
- In all countries it takes longer to get electricity than to start a new business.

Figure 5. Time to Get Electricity

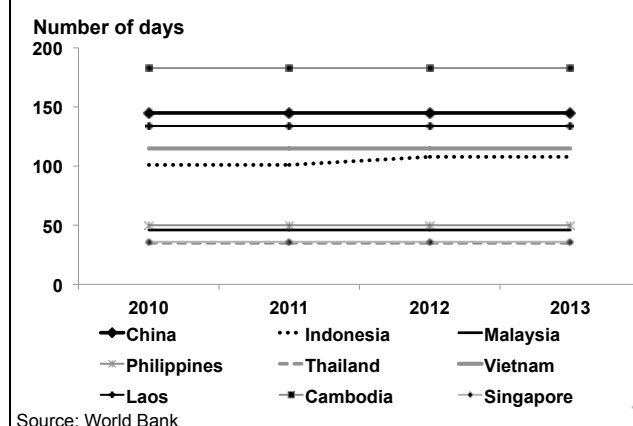
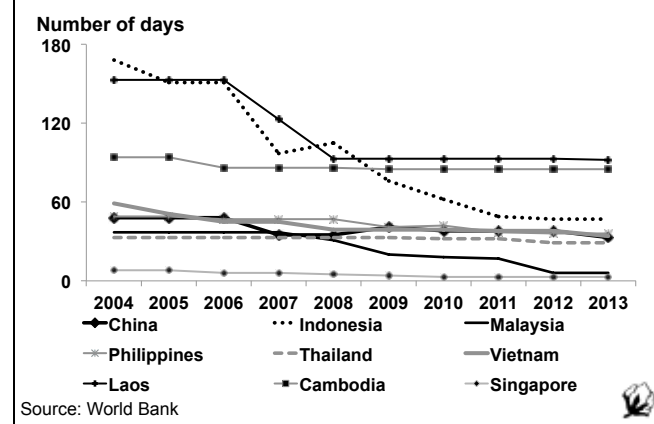


Figure 4. Time to Start a Business

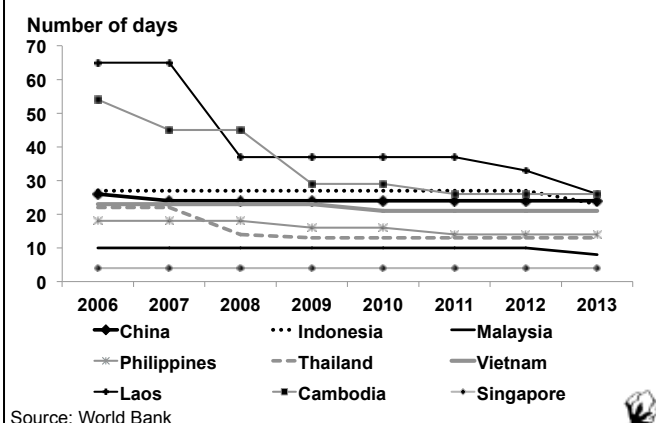


Difficulty in Trading Across Borders

As indicators of the difficulty in trading across borders, the time it takes and the fees levied in U.S. dollars to import and export a 20-foot container are reported by country.

As described in the Doing Business report, all the fees associated with completing the procedures to export or import the goods are taken into account: official costs for documents, administrative fees for customs clearance and inspections, customs broker fees, port-related charges and inland transport costs. The cost does not include customs tariffs and duties or costs related to sea transport.

For exporting goods, procedures range from packing the goods into the container at the warehouse to their departure from the port of exit. For importing goods, procedures range from the

Figure 6. Time to Import

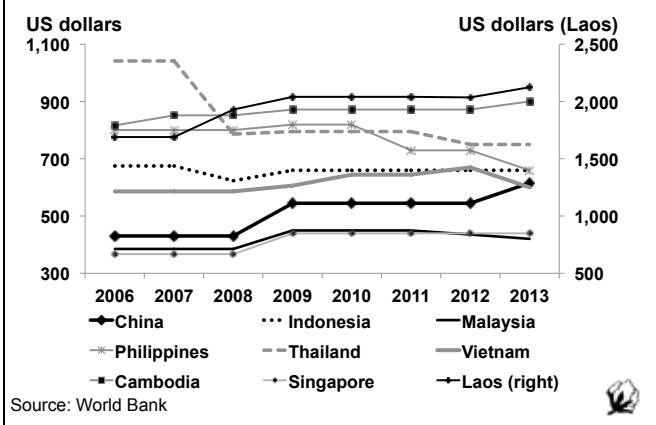
vessel's arrival at the port of entry to the cargo's delivery at the warehouse. Payment is made by letter of credit, and the time, cost and documents required for the issuance or advising of a letter of credit are taken into account.

Analyzing the time it takes to import goods into each country (figure 6) the following conclusions emerge:

- Time to import has declined in all countries but Singapore since 2006.⁵
- In 2013, only Cambodia and Laos (both 26 days) have longer times to import than China (24 days).
- Singapore (4 days), Malaysia (8 days), Thailand (13 days) and the Philippines (14 days) lead ASEAN countries in the shortest times to import in 2013.
- Vietnam (21 days), Indonesia (23 days), and China have similar times to import.

Analyzing the cost to import goods into each country (figure 7) the following conclusions emerge:

- It is more expensive to import a container of goods in 2013

Figure 7. Cost to Import

than what it was in 2006 in all countries but Thailand, the Philippines, and Indonesia.

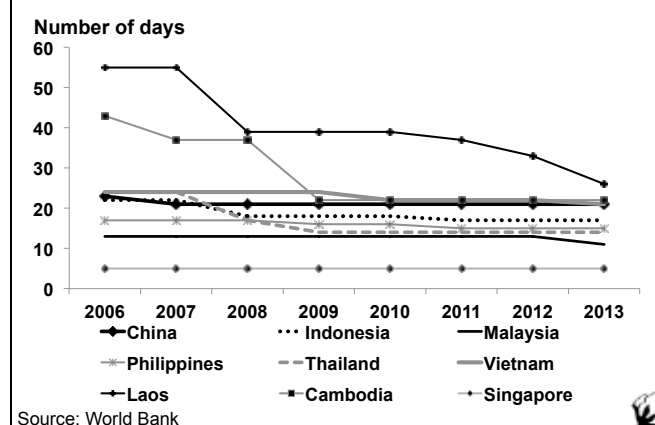
- In 2013, Malaysia is the most cost competitive country (US\$420), followed by Singapore (US\$439).
- Vietnam (US\$600), China (US\$615), and Indonesia and the Philippines (both US\$660) have similar costs to import in 2013.
- Laos (US\$2,125), Cambodia (US\$900), and Thailand (US\$750) are the least cost competitive countries to import goods in 2013.

Analyzing the time to export goods by country (figure 8) the following conclusions emerge:

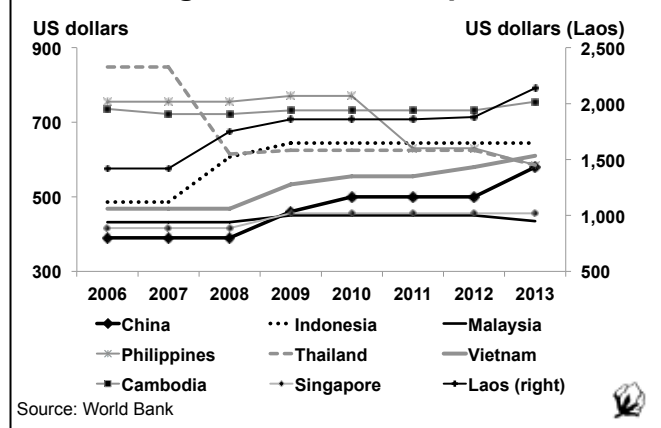
- Time to export has declined in all countries but Singapore since 2006.
- Singapore (5 days), Malaysia (11 days), Thailand (14 days), the Philippines (15 days), and Indonesia (17 days) have shorter times to export than China (21 days) in 2013.
- Vietnam (21 days), Cambodia (23 days) and China have similar times to export in 2013.
- The longest time to export is observed in Laos (26 days) in 2013.

Analyzing the cost to export goods by country (figure 9), the following conclusions emerge:

- The cost to export goods is higher in 2013 than what it was in 2006 in all countries but Thailand and the Philippines.
- Malaysia (US\$435) and Singapore (US\$456) are the most cost competitive countries to export from in 2013.
- China (US\$580), Thailand (US\$585), the Philippines (US\$585), Vietnam (US\$610) and Indonesia (US\$644) have similar costs to export in 2013.
- Laos (US\$ 2,140) is the least cost competitive country to export from in 2013, followed by Cambodia (US\$755).

Figure 8. Time to Export

5) Singapore's total country area is 698,000 km².

Figure 9. Cost to Export

Final Considerations

The fact that the spinning industries of Indonesia and Vietnam (and to a more limited extent that of Thailand) grew consistently between 2006 and 2011 indicates that investors see potential in those countries and that there is critical mass for the spinning industry to thrive.

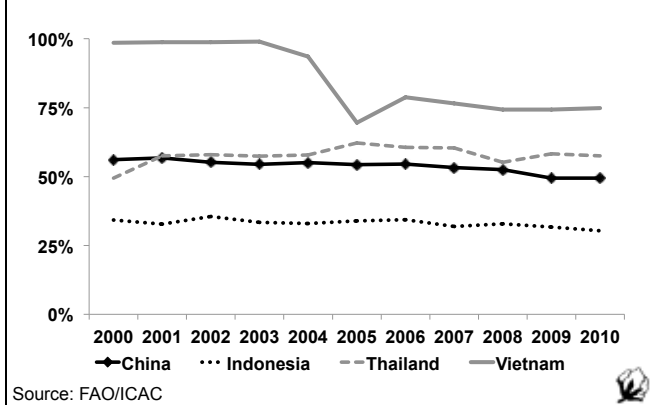
Vietnam and Indonesia are more attractive in some respects to new businesses than China: their minimum salaries are only a fraction of the minimum salary in China (32% and 74%, respectively), and their times to get electricity are also lower than in China, while their times to start a business are similar to the time to start a business in China.

The times to import a container into Vietnam and Indonesia are similar to the time to import a container into China, although the cost to import into Indonesia is slightly higher than the cost to import into China and Vietnam.

The time to export a container from Indonesia is shorter than the time to export from Vietnam and China, but the cost to export is substantially higher in Indonesia than in Vietnam, which in turn is slightly higher than in China.

According to the statistics analyzed in this article, Vietnam and Indonesia are likely recipients of investments in yarn spinning capacity (and Thailand to a lesser extent). Furthermore, according to the times it takes to start business, to get electricity, and to import and export, significant changes in spinning capacity could occur within a year if demand for yarn remains strong and margins in the Chinese spinning sector remain subdued. However, it would take several years of sustained disinvestment in China and investment in ASEAN countries for the region to become the next China in spinning capacity due to the magnitude of installed capacity in China.

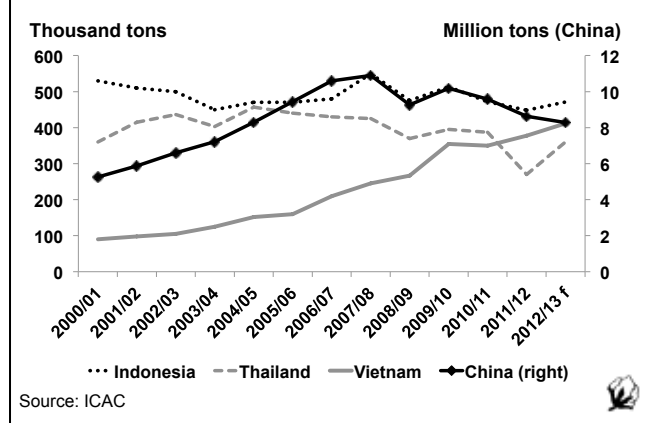
A final consideration is that yarn spinning capacity can be used to spin yarns with different blends of cotton (100% cotton, 80% cotton/20% polyester, etc.) as well as yarns with no cotton in the blend (95% polyester/5% spandex, 80% polyester/20% acrylic,

Figure 10. Market Share of Cotton in Mill Use of Short Staple Fibers

etc.). Analyzing the use of cotton versus the use of staple cellulosic fibers and staple synthetic fibers⁶ in yarn production by country over 2000-2010 (figure 10), and assuming the trends hold into the future, it becomes apparent that any expansion of the spinning capacity in Indonesia will likely benefit more the man-made fibers sector than the cotton sector. On the contrary, an expansion of spinning capacity in Vietnam would benefit more the cotton sector than the man-made fibers sector. A shift in spinning capacity away from China and into Thailand would result in a slight improvement in the intensity of use of cotton.

Figure 11 shows that mill use of cotton followed declining trends in Indonesia and Thailand since 2000/01, while mill use in China followed a declining trend after peaking in 2007/08. Mill use in Vietnam followed an increasing trend since 2000/01, surpassing Thailand in 2010/11.

In summary, it would take several years for ASEAN countries to overtake China as the world leader in yarn production, and the impact of spinning capacity relocation on total cotton mill use would depend on its final geographical distribution, and ultimately on the competitiveness of cotton versus other fibers.

Figure 11. Mill Use of Cotton

6) Filament yarns are not included in the analysis because these yarns are not spun but extruded. However, filament yarns also compete with cotton for textile market share.



2011/12 SUPPLY AND USE OF COTTON BY COUNTRY

February 1, 2013

	AREA	YIELD	PROD	BEG STKS	IMPORTS	CONS	EXPORTS	END STKS	S/U *	S/MU **
	000 Ha	Kgs/Ha			000 Metric Tons				Ratio	Ratio
CANADA				0	1	1		0	0.25	0.25
CUBA	4	269	1	1	2	3		1	0.19	0.19
DOM. REP.					1	1			0.47	0.47
MEXICO	195	1,407	274	106	221	390	74	137	0.29	0.35
USA	3,829	886	3,391	566	4	718	2,526	729	0.22	1.02
N. America	4,032	909	3,667	674	229	1,115	2,600	868	0.23	0.78
EL SALVADOR				7	19	22		5	0.22	0.22
GUATEMALA				5	20	21		4	0.21	0.21
HONDURAS	0	316	0		0			0		
C. America	2	510	1	13	39	43	0	9	0.21	0.21
ARGENTINA	528	398	210	232	8	171	57	222	0.98	1.30
BOLIVIA	5	531	3	1	1	4	0	1	0.16	0.17
BRAZIL	1,393	1,347	1,877	1,400	6	888	1,043	1,352	0.70	1.52
CHILE				1	0	1		0	0.18	0.18
COLOMBIA	51	799	41	41	18	75	0	24	0.32	0.33
ECUADOR	1	435	1	3	13	14		3	0.18	0.18
PARAGUAY	56	500	28	8		8	19	9	0.34	1.14
PERU	47	894	42	35	47	94	2	29	0.30	0.31
URUGUAY				0	0	0		0	0.26	0.26
VENEZUELA	15	365	6	2	2	8		1	0.17	0.17
S. America	2,097	1,052	2,207	1,722	95	1,262	1,121	1,641	0.69	1.30
ALGERIA				1	2	3		1	0.19	0.19
EGYPT	221	821	181	45	25	75	93	83	0.50	1.11
MOROCCO				8	36	36		8	0.22	0.22
SUDAN	130	337	44	10		2	2	49	12.04	23.52
TUNISIA				2	13	13		3	0.21	0.21
N. Africa	351	641	225	66	77	129	95	144	0.64	1.11
BENIN	208	360	75	16		4	60	27	0.42	6.71
BURKINA FASO	429	404	174	50		4	152	67	0.43	16.81
CAMEROON	149	523	78	17		2	69	24	0.34	12.74
CENT. AFR. REP.	38	235	9	2			7	4	0.52	
CHAD	172	185	32	13		1	24	21	0.85	41.88
COTE D'IVOIRE	260	435	113	24		2	101	35	0.34	17.39
GUINEA	14	276	4	1			4	2	0.42	
MADAGASCAR				3				3		
MALI	478	390	187	16		3	130	70	0.52	23.25
NIGER	5	444	2	0		1			0.11	0.25
SENEGAL	26	409	11	1		1	9	3	0.28	3.46
TOGO	98	336	33	3			33	3	0.10	
F. Africa	1,879	382	717	147		17	588	258	0.43	15.08
ANGOLA	3	299	1	0		1		0	0.22	0.27
ETHIOPIA	89	239	21	24	1	23	2	22	0.87	0.96
GHANA	20	360	7	1	1	1	6	3	0.42	2.17
KENYA	43	130	6	3	2	9		2	0.23	0.23
MALAWI	200	190	38	13		3	24	24	0.89	7.95
MOZAMBIQUE	189	323	61	17			36	42	1.16	
NIGERIA	350	180	63	16	1	20	32	29	0.56	1.46
SOUTH AFRICA	13	986	13	14	17	19	15	10	0.29	0.52
TANZANIA	568	211	120	80		32	36	132	1.94	4.13
UGANDA	100	470	47	6		1	31	21	0.65	18.39
CONGO, DR				2	8	8		2	0.27	0.27
ZAMBIA	512	193	110	45			60	95	1.58	
ZIMBABWE	450	316	142	71		7	107	99	0.86	14.09
S. Africa	2,559	247	633	297	52	148	350	485	0.97	3.27
KAZAKHSTAN	140	571	80	8	1	15	62	13	0.17	0.87
KYRGYZSTAN	20	754	15	3	3	2	16	3	0.16	1.46
TAJIKISTAN	201	597	120	44		7	120	37	0.29	5.49
TURKMENISTAN	550	600	330	199		125	118	287	1.18	2.29
UZBEKISTAN	1,316	669	880	299	1	295	550	335	0.40	1.14
C. Asia	2,227	640	1,425	554	5	444	865	675	0.52	1.52



2011/12 SUPPLY & USE OF COTTON BY COUNTRY (cont'd) February 1, 2013

	AREA	YIELD	PROD	BEG STKS	IMPORTS	CONS	EXPORTS	END STKS	S/U *	S/MU **
	000 Ha	Kgs/Ha			000 Metric Tons				Ratio	Ratio
AUSTRIA				1	5	4		1	0.19	0.25
AZERBAIJAN	48	500	24	2		10	5	11	0.75	1.13
BELARUS				4	11	11		4	0.34	0.34
BELGIUM				2	14	4	9	2	0.13	0.42
BULGARIA	1	321	0	1	2	2		1	0.34	0.34
CZECH REP.				2	5	6	0	1	0.21	0.21
DENMARK										
ESTONIA										
FINLAND										
FRANCE				2	18	15	3	3	0.15	0.18
GERMANY				8	45	38	7	8	0.17	0.20
GREECE	300	933	280	37	3	25	238	57	0.22	2.27
HUNGARY				0	2	2		0	0.15	0.15
IRELAND				0	0	0		0	0.19	0.19
ITALY				12	51	48	5	10	0.20	0.22
LATVIA				0	0	0		0	0.32	0.32
LITHUANIA				0	0	0		0	0.56	0.56
MOLDOVA				1	2	2		1	0.34	0.34
NETHERLANDS				0	5	5		0	0.09	
NORWAY										
POLAND				0	2	2		0	0.08	0.08
PORTUGAL				5	23	23		4	0.19	0.19
ROMANIA				0	1	1		0	0.13	0.13
RUSSIA	1	516	1	20	107	105		23	0.22	0.22
SLOVAK REP.										
SPAIN	67	890	60	8	4	6	57	9	0.15	1.58
SWEDEN				0	0	0		0	0.24	0.24
SWITZERLAND				1	4	4	0	1	0.22	0.23
UKRAINE				1	4	4		1	0.21	0.21
UNITED KINGDOM				0	0	0		0	0.22	0.22
FORMER YUGOSLAVIA				1	6	6		1	0.22	0.22
Europe	417	874	365	112	315	328	325	140	0.23	0.43
Including EU-27	368	924	340	81	180	183	320	98	0.19	0.53
CHINA	5,528	1,339	7,400	2,087	5,342	8,635	12	6,181	0.71	0.72
TAIWAN				43	188	185		46	0.25	0.25
HONG KONG				12	40	12	32	9	0.20	0.75
Sub total	5,528	1,339	7,400	2,143	5,570	8,832	44	6,236	0.70	0.71
AUSTRALIA	600	1,996	1,198	459	0	8	1,010	639	0.63	76.25
INDONESIA	9	711	6	124	440	448	4	117	0.26	0.26
JAPAN				19	61	63		17	0.27	0.27
KOREA, D.R.				1	5	5		1	0.24	0.24
KOREA, REP.				43	255	247		51	0.20	0.20
MALAYSIA				34	245	15	223	41	0.17	2.74
PHILIPPINES	0	563	0	3	6	8		2	0.23	0.23
SINGAPORE				2	1		1	2	1.21	
THAILAND	2	513	1	77	275	270		83	0.31	0.31
VIETNAM	10	461	5	77	379	378		83	0.22	0.22
E. Asia	641	1,900	1,218	841	1,667	1,450	1,239	1,038	0.39	0.72
AFGHANISTAN	50	410	20	20		4	16	20	0.99	4.87
BANGLADESH	36	400	14	194	680	700		188	0.27	0.27
INDIA	12,178	493	6,001	1,850	184	4,358	2,410	1,267	0.19	0.29
MYANMAR	349	581	203	93		192		104	0.54	0.54
PAKISTAN	2,800	819	2,294	382	191	2,163	253	451	0.19	0.21
SRI LANKA				0	2	2		0	0.11	0.11
S. Asia	15,416	554	8,535	2,541	1,057	7,421	2,679	2,033	0.20	0.27
IRAN	117	504	59	28	67	130		24	0.18	0.18
IRAQ	20	358	7	1	5	13		1	0.09	0.09
ISRAEL	9	1,930	17	1			17	1	0.08	
SYRIA	186	1,140	212	54		135	3	128	0.93	0.95
TURKEY	542	1,384	750	406	519	1,300	7	368	0.28	0.28
Sub total	912	1,162	1,060	497	602	1,602	27	529	0.50	0.33
WORLD TOTAL	36,042	761	27,444	9,605	9,708	22,783	9,934	14,053	0.62	0.62

*/ Ending stocks divided by consumption plus exports.

Subtotals and total include countries not shown.

**/ Ending stocks divided by consumption.



2012/13 SUPPLY AND USE OF COTTON BY COUNTRY

February 1, 2013

	AREA	YIELD	PROD	BEG STKS	IMPORTS	CONS	EXPORTS	END STKS	S/U *	S/MU **
	000 Ha	Kgs/Ha	000 Metric Tons						Ratio	Ratio
CANADA				0	1	1		0	0.26	0.26
CUBA	4	269	1	1	2	3		1	0.19	0.19
DOM. REP.					1	1			0.47	0.47
MEXICO	153	1,361	208	137	246	390	63	137	0.30	0.35
USA	3,815	971	3,703	729	1	740	2,656	1,037	0.31	1.40
N. America	3,977	984	3,913	868	251	1,137	2,719	1,176	0.30	1.03
EL SALVADOR				5	22	22		5	0.22	0.22
GUATEMALA				4	21	21		4	0.21	0.21
HONDURAS	0	316	0	0				0		
C. America	2	510	1	9	42	43	0	9	0.21	0.21
ARGENTINA	370	459	170	222	8	173	33	195	0.95	1.13
BOLIVIA	5	536	3	1	1	3		1	0.21	0.21
BRAZIL	985	1,464	1,443	1,352	17	897	750	1,165	0.71	1.30
CHILE				0	1	1		0	0.18	0.18
COLOMBIA	30	785	23	24	51	74	0	24	0.33	0.33
ECUADOR	1	440	1	3	14	14		3	0.18	0.18
PARAGUAY	70	370	26	9		8	15	12	0.50	1.45
PERU	45	878	40	29	54	92	2	29	0.31	0.31
URUGUAY				0	0	0		0	0.26	0.26
VENEZUELA	15	368	6	1	2	8		1	0.17	0.17
S. America	1,521	1,124	1,710	1,641	148	1,270	800	1,430	0.69	1.13
ALGERIA				1	3	3		1	0.19	0.19
EGYPT	143	777	111	83	86	86	76	118	0.73	1.37
MOROCCO				8	36	36		8	0.22	0.22
SUDAN	55	340	19	49		2	17	49	2.63	22.40
TUNISIA				3	13	13		3	0.21	0.21
N. Africa	198	656	130	144	138	140	93	179	0.77	1.27
BENIN	351	450	158	27		4	119	62	0.50	15.45
BURKINA FASO	586	444	260	67		4	215	108	0.50	27.09
CAMEROON	200	500	100	24		2	76	46	0.59	24.26
CENT. AFR. REP.	38	237	9	4			9	4	0.40	
CHAD	257	187	48	21		1	39	30	0.75	59.17
COTE D'IVOIRE	340	412	140	35		2	125	48	0.38	24.03
GUINEA	14	289	4	2			4	2	0.40	
MADAGASCAR				3				3		
MALI	548	418	229	70		3	193	103	0.53	34.34
NIGER	5	448	2	0		1			0.11	0.25
SENEGAL	34	553	19	3		1	15	5	0.34	7.03
TOGO	122	344	42	3			40	5	0.13	
F. Africa	2,494	405	1,011	258		17	836	416	0.49	24.29
ANGOLA	3	302	1	0		1		0	0.23	0.34
ETHIOPIA	80	241	19	22	1	21	3	17	0.70	0.81
GHANA	18	364	7	3	1	1	5	4	0.59	2.97
KENYA	39	170	7	2	2	9		2	0.21	0.21
MALAWI	180	192	35	24		3	34	22	0.59	7.20
MOZAMBIQUE	150	250	37	42			53	27	0.50	
NIGERIA	315	182	57	29	1	19	38	30	0.52	1.56
SOUTH AFRICA	8	960	8	10	24	17	15	10	0.31	0.58
TANZANIA	454	213	97	132		32	67	130	1.31	4.06
UGANDA	74	375	28	21		1	30	17	0.55	15.07
CONGO, DR				2	8	8		2	0.27	0.27
ZAMBIA	358	200	72	95			92	75	0.81	
ZIMBABWE	405	293	119	99		5	121	91	0.72	18.25
S. Africa	2,108	233	490	485	59	142	460	431	0.72	3.03
KAZAKHSTAN	133	601	80	13	1	15	64	15	0.19	1.01
KYRGYZSTAN	19	758	14	3	3	2	15	3	0.17	1.46
TAJIKISTAN	196	550	108	37		7	105	33	0.30	4.91
TURKMENISTAN	525	638	335	287		138	154	330	1.13	2.40
UZBEKISTAN	1,285	778	1,000	335	1	325	572	440	0.49	1.35
C. Asia	2,158	712	1,537	675	5	486	910	821	0.59	1.69



2012/13 SUPPLY & USE OF COTTON BY COUNTRY (cont'd) February 1, 2013

	AREA	YIELD	PROD	BEG STKS	IMPORTS	CONS	EXPORTS	END STKS	S/U *	S/MU **
	000 Ha	Kgs/Ha			000 Metric Tons				Ratio	Ratio
AUSTRIA				1	4	4		1	0.26	0.26
AZERBAIJAN	33	450	15	11		10	7	9	0.50	0.86
BELARUS				4	11	11		4	0.34	0.34
BELGIUM				2	13	4	9	2	0.13	0.43
BULGARIA	1	321	0	1	2	2		0	0.24	0.24
CZECH REP.				1	6	6	0	1	0.21	0.22
DENMARK										
ESTONIA										
FINLAND										
FRANCE				3	17	15	2	2	0.14	0.17
GERMANY				8	45	38	5	10	0.22	0.25
GREECE	270	930	251	57	2	21	205	84	0.37	3.95
HUNGARY				0	1	1		0	0.15	0.15
IRELAND				0	0	0		0	0.21	0.21
ITALY				10	47	43	4	10	0.21	0.23
LATVIA				0	0	0		0	0.32	0.32
LITHUANIA				0	0	0		0	0.56	0.56
MOLDOVA				1	2	2		1	0.34	0.34
NETHERLANDS				0	5	5		0	0.09	
NORWAY										
POLAND				0	2	2		0	0.08	0.08
PORTUGAL				4	22	22		4	0.20	0.20
ROMANIA				0	1	1		0	0.13	0.13
RUSSIA	1	519	1	23	80	89		14	0.16	0.16
SLOVAK REP.										
SPAIN	67	845	57	9	4	6	53	12	0.20	2.00
SWEDEN				0	0	0		0	0.25	0.25
SWITZERLAND				1	4	4	0	1	0.23	0.23
UKRAINE				1	4	4		1	0.22	0.22
UNITED KINGDOM				0	0	0		0	0.23	0.23
FORMER YUGOSLAVIA				1	6	6		1	0.22	0.22
Europe	372	870	324	140	283	300	287	159	0.23	0.53
Including EU-27	338	912	308	98	174	172	279	128	0.28	0.75
CHINA	4,975	1,407	7,000	6,181	2,900	8,290	20	7,771	0.94	0.94
TAIWAN				46	207	204		50	0.24	0.24
HONG KONG				9	40	11	29	9	0.22	0.79
Sub total	4,975	1,407	7,000	6,236	3,147	8,504	49	7,830	0.92	0.92
AUSTRALIA	442	2,138	945	639	0	8	907	669	0.73	84.08
INDONESIA	9	714	6	117	508	471	4	157	0.33	0.33
JAPAN				17	56	57		16	0.28	0.28
KOREA, D.R.				1	5	5		1	0.24	0.24
KOREA, REP.				51	280	272		59	0.22	0.22
MALAYSIA				41	249	15	223	52	0.22	3.50
PHILIPPINES	0	566	0	2	7	8		2	0.23	0.23
SINGAPORE				2	1		1	1	0.80	
THAILAND	2	516	1	83	370	360		94	0.26	0.26
VIETNAM	11	463	5	83	429	412		104	0.25	0.25
E. Asia	484	1,995	965	1,038	1,905	1,614	1,136	1,158	0.42	0.72
AFGHANISTAN	50	410	20	20		4	18	18	0.80	4.34
BANGLADESH	36	402	14	188	821	770		254	0.33	0.33
INDIA	11,773	477	5,610	1,267	250	4,707	878	1,543	0.28	0.33
MYANMAR	349	584	204	104		201		107	0.53	0.53
PAKISTAN	2,900	740	2,093	451	410	2,336	80	538	0.22	0.23
SRI LANKA				0	2	2		0	0.11	0.11
S. Asia	15,111	526	7,944	2,033	1,483	8,022	976	2,460	0.27	0.31
IRAN	110	509	56	24	74	130		24	0.18	0.18
IRAQ	20	360	7	1	5	13		1	0.09	0.09
ISRAEL	8	1,786	15	1			15	1	0.09	
SYRIA	171	1,100	188	128		125	10	181	1.34	1.45
TURKEY	496	1,310	650	368	747	1,325	7	433	0.33	0.33
Sub total	844	1,103	931	529	837	1,617	33	647	0.68	0.40
WORLD TOTAL	34,224	758	25,949	14,053	8,298	23,287	8,298	16,715	0.72	0.72

*/ Ending stocks divided by consumption plus exports.

Subtotals and total include countries not shown.

**/ Ending stocks divided by consumption.



2013/14 SUPPLY AND USE OF COTTON BY COUNTRY

February 1, 2013

	AREA	YIELD	PROD	BEG STKS	IMPORTS	CONS	EXPORTS	END STKS	S/U *	S/MU **
	000 Ha	Kgs/Ha			000 Metric Tons				Ratio	Ratio
CANADA				0	1	1		0	0.27	0.27
CUBA	4	272	1	1	2	3		1	0.19	0.19
DOM. REP.					1	1			0.47	0.47
MEXICO	137	1,357	186	137	271	394	63	137	0.30	0.35
USA	3,300	875	2,889	1,037	1	740	2,333	854	0.28	1.15
N. America	3,447	893	3,077	1,176	276	1,140	2,397	992	0.28	0.87
EL SALVADOR				5	22	22		5	0.22	0.22
GUATEMALA				4	21	21		4	0.21	0.21
HONDURAS	0	319	0	0				0		
C. America	2	515	1	9	42	43	0	9	0.21	0.21
ARGENTINA	333	464	155	195	7	178	22	157	0.79	0.88
BOLIVIA	5	532	3	1	2	3	1	1	0.16	0.20
BRAZIL	966	1,437	1,387	1,165	17	906	586	1,078	0.72	1.19
CHILE				0	1	1		0	0.18	0.18
COLOMBIA	28	802	23	24	55	78	0	24	0.31	0.31
ECUADOR	1	436	1	3	14	14		3	0.18	0.18
PARAGUAY	67	380	25	12		8	18	11	0.44	1.41
PERU	43	894	38	29	55	92	2	29	0.31	0.31
URUGUAY				0	0	0		0	0.26	0.26
VENEZUELA	15	365	6	1	2	8		1	0.17	0.17
S. America	1,457	1,123	1,637	1,430	154	1,288	628	1,305	0.68	1.01
ALGERIA				1	3	3		1	0.19	0.19
EGYPT	136	808	110	118	86	86	110	118	0.60	1.37
MOROCCO				8	36	36		8	0.22	0.22
SUDAN	50	361	18	49		2	16	49	2.76	21.34
TUNISIA				3	13	13		3	0.21	0.21
N. Africa	185	689	128	179	138	140	125	179	0.67	1.27
BENIN	333	453	151	62		4	156	53	0.33	13.20
BURKINA FASO	557	394	219	108		4	238	86	0.35	21.40
CAMEROON	190	483	92	46		2	95	41	0.43	21.74
CENT. AFR. REP.	36	228	8	4			8	3	0.38	
CHAD	244	177	43	30		1	55	17	0.30	33.48
COTE D'IVOIRE	323	411	133	48		2	146	33	0.22	16.61
GUINEA	13	270	4	2			4	1	0.38	
MADAGASCAR				3				3		
MALI	521	405	211	103		3	218	93	0.42	30.93
NIGER	5	444	2	0		1			0.12	0.25
SENEGAL	32	378	12	5		1	13	4	0.28	4.92
TOGO	116	320	37	5			39	4	0.10	
F. Africa	2,369	385	912	416		17	973	338	0.34	19.73
ANGOLA	3	299	1	0		1		0	0.31	0.41
ETHIOPIA	72	241	17	17	1	21	4	10	0.39	0.46
GHANA	16	363	6	4	1	1	6	4	0.56	2.97
KENYA	35	185	6	2	2	9	0	1	0.12	0.13
MALAWI	162	268	43	22		3	36	26	0.68	8.75
MOZAMBIQUE	135	201	27	27			36	18	0.49	
NIGERIA	284	198	56	30	1	19	52	16	0.23	0.88
SOUTH AFRICA	8	972	7	10	24	17	15	9	0.30	0.56
TANZANIA	409	195	80	130		32	62	115	1.22	3.61
UGANDA	67	302	20	17		1	24	12	0.49	10.73
CONGO, DR				2	8	8		2	0.27	0.27
ZAMBIA	323	196	63	75			70	68	0.98	
ZIMBABWE	365	294	107	91		5	116	77	0.64	15.46
S. Africa	1,897	232	439	431	59	142	422	366	0.65	2.58
KAZAKHSTAN	126	546	69	15	1	15	55	15	0.21	1.01
KYRGYZSTAN	18	773	14	3	3	2	15	3	0.17	1.46
TAJIKISTAN	186	537	100	33		7	98	29	0.27	4.26
TURKMENISTAN	499	565	282	330		144	181	287	0.88	1.99
UZBEKISTAN	1,246	697	869	440	1	345	569	396	0.43	1.15
C. Asia	2,076	643	1,334	821	5	512	918	729	0.51	1.42



2013/14 SUPPLY & USE OF COTTON BY COUNTRY (cont'd) February 1, 2013

	AREA	YIELD	PROD	BEG STKS	IMPORTS	CONS	EXPORTS	END STKS	S/U *	S/MU **
	000 Ha	Kgs/Ha			000 Metric Tons				Ratio	Ratio
AUSTRIA				1	3	3		1	0.26	0.26
AZERBAIJAN	31	420	13	9		10	6	5	0.33	0.53
BELARUS				4	11	11		4	0.34	0.34
BELGIUM				2	13	4	9	2	0.13	0.45
BULGARIA	0	324	0	0	2	2		0	0.26	0.26
CZECH REP.				1	6	6	0	1	0.22	0.22
DENMARK										
ESTONIA										
FINLAND										
FRANCE				2	16	14	2	2	0.15	0.17
GERMANY				10	39	35	4	9	0.23	0.26
GREECE	243	937	228	84	2	20	220	73	0.30	3.62
HUNGARY				0	1	1		0	0.16	0.16
IRELAND				0	0	0		0	0.23	0.23
ITALY				10	45	41	4	10	0.21	0.23
LATVIA				0	0	0		0	0.32	0.32
LITHUANIA				0	0	0		0	0.56	0.56
MOLDOVA				1	2	2		1	0.34	0.34
NETHERLANDS				0	5	5		0	0.09	
NORWAY										
POLAND				0	2	2		0	0.09	0.09
PORTUGAL				4	21	21		4	0.20	0.20
ROMANIA				0	1	1		0	0.14	0.14
RUSSIA	1	519	1	14	85	85		15	0.18	0.18
SLOVAK REP.										
SPAIN	61	637	39	12	4	6	37	12	0.27	2.06
SWEDEN				0	0	0		0	0.26	0.26
SWITZERLAND				1	4	4	0	1	0.23	0.24
UKRAINE				1	4	4		1	0.22	0.22
UNITED KINGDOM				0	0	0		0	0.24	0.24
FORMER YUGOSLAVIA				1	6	6		1	0.22	0.22
Europe	337	832	280	159	276	287	283	145	0.24	0.50
Including EU-27	304	876	266	128	162	164	277	116	0.26	0.71
CHINA	4,627	1,330	6,152	7,771	1,990	8,124	20	7,769	0.95	0.96
TAIWAN				50	197	197		50	0.25	0.25
HONG KONG				9	35	11	26	8	0.21	0.73
Sub total	4,627	1,330	6,152	7,830	2,223	8,332	46	7,827	0.93	0.94
AUSTRALIA	360	2,100	756	669	0	8	931	487	0.52	64.36
INDONESIA	9	714	6	157	502	504		161	0.32	0.32
JAPAN				16	52	54		14	0.25	0.25
KOREA, D.R.				1	5	5		1	0.24	0.24
KOREA, REP.				59	272	272		59	0.22	0.22
MALAYSIA				52	249	15	232	55	0.22	3.67
PHILIPPINES	0	566	0	2	7	8		2	0.23	0.23
SINGAPORE				1	1		1	1	0.50	
THAILAND	2	516	1	94	352	353		94	0.27	0.27
VIETNAM	12	465	6	104	452	453		109	0.24	0.24
E. Asia	403	1,928	777	1,158	1,892	1,678	1,164	984	0.35	0.59
AFGHANISTAN	45	414	19	18		4	17	16	0.77	3.82
BANGLADESH	34	398	14	254	844	847		265	0.31	0.31
INDIA	10,949	511	5,594	1,543	250	5,177	754	1,455	0.25	0.28
MYANMAR	349	567	198	107		217		88	0.40	0.40
PAKISTAN	2,755	708	1,952	538	696	2,546	80	559	0.21	0.22
SRI LANKA				0	2	2		0	0.11	0.11
S. Asia	14,135	550	7,779	2,460	1,792	8,796	851	2,384	0.25	0.27
IRAN	105	601	63	24	69	131		24	0.18	0.18
IRAQ	19	360	7	1	6	13		1	0.09	0.09
ISRAEL	8	1,821	14	1			14	1	0.09	
SYRIA	120	1,160	139	181		100	40	180	1.29	1.80
TURKEY	372	1,229	457	433	928	1,378	7	433	0.31	0.31
Sub total	661	1,050	694	647	1,013	1,647	62	646	0.67	0.39
WORLD TOTAL	31,577	735	23,202	16,715	7,870	24,016	7,870	15,902	0.66	0.66

*/ Ending stocks divided by consumption plus exports.

Subtotals and total include countries not shown.

**/ Ending stocks divided by consumption.

THE STRUCTURE OF WORLD COTTON TRADE

By Andrei Guitchounts, ICAC

Extreme price volatility experienced during 2010/11 had a profound negative effect on the world cotton merchandising industry. The following two years were marked by a record number of contract defaults, increased counter-party-risks, and a financial stress caused by limited availability and rising costs of trade finance and cost of hedging. The number of applications for technical arbitration filed with the International Cotton Association (ICA) during 2011 reached a record of 242 cases, which was over five times more than their normal yearly average. During 2012 the trend continued and a new high of 247 applications was reached. American Cotton Shippers Association (ACSA) also reported a backlog in arbitration cases filed during this period. The number of arbitration cases filed with the ICA and ACSA is a partial indication of the number and the cost of all contract defaults that plagued the cotton industry during the past two years. As far as the cost of defaults is concerned, there are estimates that the value of cotton involved exceeds one billion dollars.

The world cotton industry depends on a smooth flow of cotton from fields to textile mills, and this smooth flow requires the observance of contract sanctity, where all parties fulfill their legal obligations. Millions of farmers enter into contracts with thousands of traders or ginning mills agreeing to deliver cotton once it is produced. Traders then sell cotton to international merchants or spinning mills, which in their turn sign contracts with buyers of cotton yarn. The chain continues all the way to the retailer. If any part of the chain chooses not to fulfill their contract obligations, because prices have changed and they could do better in new market conditions, the entire international trading system fails, potentially causing tremendous financial losses and disrupting the flow of products to the consumer. Defaults increase operational risks, cost of financing, making production more expensive and less competitive compared with man-made fibers.

International cotton associations serve to minimize risks inherent in forward trading and provide rules for fair and equitable trading. Disputes between trading parties arise occasionally and must be settled amicably or through the framework of arbitration provided by the associations. Arbitration awards must be honored and fulfilled if the industry is to work efficiently. Standards and principles of good trading practices and the ethic of the sanctity of contracts are essential for the health of the cotton industry. Government support to the underlying principles of fair trade and of enforcement of arbitral awards (including foreign arbitral awards) is necessary and very important. The significance of the New York convention of 1958 cannot be over emphasized.

Confidence in the cotton trading system has been recently significantly undermined by defaults, and tighter trade finance is a strong factor negatively affecting cotton trade. Many large

banks, traditional lenders for commodity trading, are cutting financing facilities significantly in an effort to reduce risk exposure and because of the euro zone debt crisis, causing tougher capital requirements. BNP Paribas, Credit Agricole and Société Générale and ING are among major banks that have recently announced cuts in commodity credit facilities. These Eurozone banks account for about half of the world commodity trade finance, down from eighty percent two years ago. This affects the ability of mostly smaller firms to receive credit.

Many of the largest trading houses have their own credit recourses, but that is often not the case with smaller traders, who face a crisis situation. Restricted credit could lead to lower inventories and reduced forward demand. It is estimated that merchants need to provide 25-35 per cent in equity to borrow money for trading now. This is almost double compared with five years ago. Less credit makes it more expensive to warehouse commodities and to hedge.

The tighter credit facilities experienced by many cotton merchants are affecting the structure of world cotton trade. Many merchants incurred substantial losses during the past three years, and several major cotton firms were forced into bankruptcy, merger or to go out of business. The departed companies were mostly mono-commodity, family-owned and operated businesses. Market concentration continues to increase, and multi-commodity trading houses with wider access to resources became more prominent in cotton trading.

Louis Dreyfus Commodities is among the largest multi-commodity traders and has an estimated \$78 billion in annual revenue and is valued at \$10 billion. Louis Dreyfus, the world's largest cotton merchant, acquired most of Dunavant Enterprises' subsidiaries in 2010, which was one of the largest family-owned cotton merchants.

Cargill Cotton is another one of the largest cotton merchants and is a subsidiary of Cargill, one of the largest producers and traders of food, agricultural, financial and industrial products and services. Cargill conducts business in grains, oilseeds, sugar, meats, poultry, fuels and other commodities. Cargill revenues from all divisions, not just cotton, are estimated at \$134 billion during fiscal 2012. Cargill Cotton operates in all major cotton markets in merchandising, ginning and warehousing.

Olam International is a Singapore-based company and one of the world's largest commodity and cotton traders. Olam International was founded in Singapore in 1989 as a large spinner/merchant. Olam is engaged in ginning, warehousing and merchandizing of cotton from Central Asia, West and East Africa, the Americas and China. Olam acquired Queensland Cotton Corporation of Australia in 2007. Olam completed

several acquisitions and investments in many commodities including rice, sugar, grains, coffee, cocoa, cashew, peanuts, beans, dairy, wool and others. Olam's revenues are estimated at \$17 billion, and the company is valued at \$3 billion.

Ecom, Noble, Glencore and Multigrain are other examples of large multi-commodity trading houses that are becoming more prominent in cotton trade. It is evident that consolidation in the agricultural commodities sector is accelerating as the largest traders expand across commodities to take advantage of booming demand generated by population and income growth, especially in fast growing emerging economies. However, the study on the structure of cotton trade indicates that, based on numbers of companies operating and volumes of cotton traded, the cotton shipping industry still remains highly competitive.

The Secretariat has studied the structure of world trade in cotton since 1994 and compiles a list of cotton-trading companies active as of the end of each year. Most of the firms are members of the 18 associations comprising the Committee for International Cooperation between Cotton Associations (CICCA). The latest list was compiled from annual surveys mailed to all members of CICCA, from industry publications and personal knowledge. The list of cotton trading companies consists of 447 firms engaged, at least in part, in international trade in cotton in 2012. The total number of responding companies from the surveys is 110. Companies are divided into four categories by relative size. Organizations are also grouped by type of ownership: government, cooperative or private. The latest list of cotton trading organizations consists of 24 government organizations, 9 cooperatives and 414 private firms.

Largest

The most recent estimates of the volume traded by the largest companies in 2012 indicate that there are currently 10 organizations with annual volumes of more than 200,000 tons. The group of largest companies includes 4 government organizations, including 3 from Uzbekistan under the same roof of the government Ministry of Foreign Economic Relations Investment and Trade (MFERIT), and counted as one organization for the purposes of this study. The ten companies in the largest group traded an estimated 6.3 million tons, or 24% of world production in 2012. Eight privately owned cotton trading organizations in the largest category handled 5.3 million tons in 2012, or 20% of world production. In 2011, there were 10 companies in the largest category, handling 7.2 million tons, or 26% of world production, including 8 private companies handling 6 million tons, or 22% of world production. In 2012, four of the world's largest cotton trading companies are based in the USA, three in Uzbekistan, and one each in Japan, China, Singapore, Switzerland, and the UK.

The first study conducted in 1994 indicated that the 19 largest cotton organizations handled 6.8 million tons, or 36% of world production. 14 of the largest organizations were private

or cooperative cotton companies, accounting for an estimated 5.5 million tons, or 29% of world cotton production. The conclusions of the study were that the world cotton industry was not highly concentrated by the standards of industrial markets and that the international cotton shipping industry was highly competitive. Since 1994, the composition of the group of the largest cotton trading organizations has changed. As a sign of market concentration, a smaller number of the largest firms handle a larger combined volume than in 1994.

Large

A significant reduction in the number of merchants and other changes took place in the group of large companies (annual volume: 50,000 tons to 200,000 tons) during the past four years. It is estimated that the number of large companies declined from 44 merchants active in 2008 to 38 merchants trading cotton in 2012. The volume handled by the current group of large companies declined sharply from 4.4 million tons in 2008 to an estimated 3.2 million tons in 2012, accounting for 12% of world production (17% in 2008). Compared with 2008, the volume traded by large companies in 2012 declined by 1.6 million tons. The composition of organizations defined as large companies has changed the most since 1994. The number of large government organizations declined from 15 to 2 as a result of privatization, mostly in Africa. The 1994 study indicated that there were 51 large cotton-trading companies handling 4.1 million tons, including 35 non-government owned large organizations accounting for 2.5 million tons, or 13% of world production. As of 2012, 36 private large companies are accounting for 3 million tons, or 12% of world production. The 43 largest and large non-government cotton trading companies account for 32% of world production in 2012, compared with 42% handled by 49 firms in the same categories in 1994.

Eleven of the 38 large cotton traders are based in the USA. Five large firms are based in India, three in Switzerland and France and two in the UK.

With increased production, mill use and exports in India, a number of Indian merchants became more active internationally, entering other markets, such as China, opening offices in other countries and trading a variety of growths directly to mills.

Medium

There are currently 44 firms in the medium category (annual volume: 20,000 tons to 50,000 tons), two more than in 2008, with an estimated combined volume of 1.2 million tons. The volume traded by medium sized companies has declined slightly during the past year. The number of medium sized companies declined as a result of shifts between the groups of larger companies. In 1994, there were 50 medium companies with approximately the same combined volume. Among the 44 medium sized companies, 9 are based in the USA, 4 in Turkey and 4 in Switzerland.

Specialized

The most recent survey includes 355 firms in the category of specialized companies accounting for 1.7 million tons of combined volume in 2012. The composition of this group has changed significantly. A number of European companies went out of business during the past decade, while some companies were added to this group from larger categories as a result of smaller volumes traded. A very large number of specialized cotton trading companies are based in the USA, Turkey, India, Switzerland, Germany, Egypt, Brazil and Italy.

Banks and Ocean Freight Organizations

A list of banks and ocean freight organizations involved in providing services to the cotton industry was first compiled in 2003 in an attempt to list most of the service organizations involved in cotton trade. The list was expanded during the following years and now includes 45 banks from 12 countries and 40 shipping and freight forwarding organizations from 17 countries.

Banks provide important services to the cotton trade, including finance, cash management, letter of credit issuance and collection and processing of documents, lending, bill collection, freight financing, foreign exchange, price risk management instruments, bonds and guaranties, inventory financing, tolling and barter trade financing, clearing, custodian and other services. Banks provide local, urban transaction banking infrastructure for large and small producers as well

as services to international merchants financing international transactions. There are banks specializing in certain markets and there are international banking institutions providing a wide range of banking services globally.

Insurance Companies

During the past several years a list of insurance companies providing services to the cotton industry has been compiled. The list contains 16 insurance companies from 8 countries, many with a global presence and affiliated with banking services.

There is a large number of brokers who provide insurance services to the cotton industry on standard terms, such as the American Institute Cargo Clauses or the Lloyds of London clauses, but also can offer special coverage above and beyond standard clauses in unique situations. Among insurance companies specializing in providing full service in marine cargo insurance to cotton shippers are Rekerdres & Sons Insurance Agency, Cotton Fire and Mar. Underwriters based in USA; Lampe + Schwartze KG, C. Wm Konig GmbH, H. Kraft & Co., NHA Hamburger Assekuranz-Agentur GmbH based in Germany; and Windsor Insurance Brokers Ltd. Based in the UK. There are also large financial/insurance providers with hundreds of offices in tens of countries with a wide range of products and services, including insurance products in demand by the cotton industry such as AXA, Zurich and AIG.

A full list of cotton trading companies, banking, ocean freight and insurance organizations with contact information can be obtained at www.icac.org



COTTON TRADING ORGANIZATIONS**(FIRMS ARRANGED BY SIZE, ESTIMATES MADE BY THE SECRETARIAT *)**

Company Name	Country	Type
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Largest Organizations (annual volume: more than 200,000 tons)

Allenberg Cotton Co, Cordova 1/	USA	Private
Cargill Cotton, Cordova 2/	USA	Private
Olam International Ltd, Singapore 4/	SINGAPORE	Private
Staple Cotton Cooperative Association, Greenwood	USA	Cooperative
Ecom USA Inc, Dallas 6/	USA	Private
Chinatex, Beijing, China	CHINA (MAINLAND)	Government
Paul Reinhart AG, Winterthur 5/	SWITZERLAND	Private
Toyo Cotton (Japan) Co, Osaka 8/	JAPAN	Private
Joint-Stock Company Uzinterimpex, Tashkent	UZBEKISTAN	Government
State Joint Stock Foreign Trade Company "Uzmarkazimpex," Tashkent	UZBEKISTAN	Government
Uzprommashimpeks, Tashkent	UZBEKISTAN	Government
Plexus Cotton Ltd, Liverpool 7/	UK	Private

Large Organizations (annual volume: 50,000 tons to 200,000 tons)

Namoi Cotton Cooperative Ltd, Wee Waa, NSW	AUSTRALIA	Cooperative
Ecom Agroindustrial Corp Ltd, Pully 6/	SWITZERLAND	Private
The Cotton Corporation of India Ltd, Mumbai	INDIA	Government
Calcot Ltd, Bakersfield	USA	Cooperative
C.A. Galiakotwala & Co Ltd, Mumbai	INDIA	Private
Cargill Cotton, Liverpool 2/	UK	Private
Gill & Co Ltd, Mumbai	INDIA	Private
Kotak & Co Pvt Ltd, Mumbai	INDIA	Private
Olam, Fresno 4/	USA	Private
Toyoshima & Co Ltd, Nagoya 10/	JAPAN	Private
Multigrain SA, Sao Paulo	BRAZIL	Private
Agro Industrias Unidas De Mexico SA De Cv Amsa, Mexico City 6/	MEXICO	Private
Devcot SA, Lille	FRANCE	Private
Jess Smith & Sons Cotton, LLC, Bakersfield	USA	Private
Otto Stadtlander GmbH, Bremen	GERMANY	Private
EISA – Empresa Ineragropecuaria S.A, São Paulo 6/	BRAZIL	Private
Khimji Visram & Sons	INDIA	Private
Toyo Cotton Co, Dallas 8/	USA	Private
Toyoshima USA, Inc, Cordova 10/	USA	Private
Ecom Commodities Pty Ltd, NSW 6/	AUSTRALIA	Private
International Cotton and Textile Trading Co Ltd, Lugano	SWITZERLAND	Private
Noble Resources Group, Singapore	SINGAPORE	Private
SA Goenka, Barcelona	SPAIN	Private
Texas Cotton Marketing Corp., Austin	USA	Private
Allbright Cotton, Fresno	USA	Private
Mambo Commodities, Paris	FRANCE	Private
Cottip SA, Geneva	SWITZERLAND	Private
Violar SA, Larisa	GREECE	Private
ACG Cotton Marketing, Lubbock	USA	Private
Arco Cotton Agents (I.C.T. International Cotton Trading), Milan	ITALY	Private
Baumann Hinde & Co Ltd, Southport	UK	Private
Compagnie Cotonnière Copaco, Paris 9/	FRANCE	Private
Dubai Cotton Centre, Dubai	UAE	Government
Gap Pazarlama A.S., Istanbul	TURKEY	Private
Loeb & Company, Inc, Montgomery	USA	Private
Montgomery Co, Inc, Lubbock	USA	Private
Volcot America Inc, Phoenix	USA	Private
Yamachu Mengyo Co Ltd Osaka, Osaka	JAPAN	Private

COTTON TRADING ORGANIZATIONS

(FIRMS ARRANGED BY SIZE, ESTIMATES MADE BY THE SECRETARIAT *)

Company Name	Country	Type
Medium-Sized Organizations (annual volume: 20,000 to 50,000 tons)		
Auscott Ltd, Sydney NSW 11/	AUSTRALIA	Private
Glencore International Ag, Baar	SWITZERLAND	Private
J.G. Boswell Company, Pasadena 11/	USA	Private
The Cotton Company of Zimbabwe Ltd, Harare	ZIMBABWE	Private
Etem Ozsoy Tarim Ticaret Ve Sanayi As, Izmir	TURKEY	Private
Jaume Artigas, Barcelona	SPAIN	Private
Central Cotton Company Limited, Liverpool 7/	UK	Private
Eastern Trading Co, Inc, Greenville	USA	Private
M. Schiefer Trading Co, Lubbock	USA	Private
Societe d'Importation et de Commission, Le Havre	FRANCE	Private
ACM, Inc, Collierville	USA	Private
Battistel Amioti Srl, Milan	ITALY	Private
Cukurova Cotton Cooperatives Association Cukobirlik, Adana	TURKEY	Cooperative
Sekhsaria Exports, Mumbai	INDIA	Private
Taris Pamuk Tarim Satis Koop.Birligi, Izmir	TURKEY	Private
Plains Cotton Cooperative Association, Lubbock	USA	Cooperative
Cargill Tanzania Limited, Dar es Salaam 2/	TANZANIA	Private
Daewoo Corporation, Seoul	R. of KOREA	Private
First American Cotton Co, Lubbock	USA	Private
Francis & Company, Inc, Memphis	USA	Private
Indutech Spa, Milano	ITALY	Private
Knowles-Taylor Cotton Co Inc, Matador	USA	Private
Lyons Cotton, Inc, Memphis	USA	Private
Pamteks A.S., Adana	TURKEY	Private
Santista Textil SA, Sao Paulo	BRAZIL	Private
Société Cotonniere du Tchad Cotontchad, Paris	CHAD	Government
TCT United SA	URUGUAY	Private
Compagnie Ivoirienne pour le Developpement des Textiles CIDD	COTE D'IVOIRE	Government
Rhein-Schelde Handelgesellschaft Fp Mostert Kg, Neuss	GERMANY	Private
Bangladesh Textile Mills Corporation, Dhaka	BANGLADESH	Government
Cargill Zimbabwe Pvt Ltd, Harare 2/	ZIMBABWE	Private
Compagnie Cotonniere du Benin, Cotonou 9/	BENIN	Government
Cotton Distributors Inc, Lausanne	SWITZERLAND	Private
FCA Comexim Ltd, Moscow	RUSSIA	Private
Industrie Cotonniere Beninoise, Cotonou	BENIN	Government
Label Coton, Cotonou	BENIN	Private
Modern Nile Cotton Co, Alexandria	EGYPT	Private
Newcot Ltd, Chene-Bougeries	SWITZERLAND	Private
Ritis International, Cotonou	BENIN	Private
Société Beninoise de Representation Sobere, Cotonou	BENIN	Government
Société Nationale pour la Promotion Agricole Sonapra, Cotonou	BENIN	Private
Taevertex, Ghent	BELGIUM	Private
The Sudan Cotton Company Ltd, Khartoum	SUDAN	Government
Volcot Switzerland Ltd, Winterthur	SWITZERLAND	Private

* A full list, including specialized firms and contact information, is available from the Secretariat of the ICAC.

1/ Allenberg Cotton is affiliated with Louis Dreyfus.

2/ Cargill Cotton, Cordoba is affiliated with Cargill Cotton, Liverpool, Cargill Tanzania and Cargill Zimbabwe.

4/ Anderson Clayton Corp., Fresno and Queensland, Australia are affiliated with Olam, Singapore.

5/ Paul Reinhart AG, Winterthur is affiliated Cottagon Italia Srl.

6/ Ecom USA Inc, Dallas is affiliated with Ecom Agroindustrial Corp Ltd., Switzerland, Ecom Commodities Pty Ltd., Australia, EISA, Brazil and Agroindustrias Unidas de Mexico.

7/ Plexus Cotton Ltd, is affiliated with Central Cotton Company Limited, Liverpool.

8/ Toyo Cotton (Japan) Co, Osaka is affiliated with Toyo Cotton Co., Dallas.

9/ Compagnie Cotonniere Copaco, Paris is affiliated with Compagnie Cotonniere du Benin, Cotonou.

10/ Toyoshima & Co Ltd, Nagoya is affiliated with Toyoshima USA, Inc, Cordova.

11/ J.G. Boswell Company, Pasadena is affiliated with Auscot, Australia.

COTTON BANKING ORGANIZATIONS *

Company Name	Country	Type
ANZ Banking Group Limited, Sydney	Australia	Private
Commonwealth Bank Of Australia, Sydney	Australia	Private
Macquarie Bank Limited, Sydney	Australia	Private
National Australia Bank Group	Australia	Private
B.N.P. Paribas, Paris	France	Private
Banque Nationale De Paris, Le Havre	France	Private
Bred, Paris	France	Private
Calyon Group, Paris	France	Private
Crédit Agricole SA, Paris	France	Private
Crédit Lyonnais, Le Havre	France	Private
Natexis Banque, Le Havre	France	Private
Societe Generale, Le Havre	France	Private
Bankhaus Carl F. Plump & Co., Bremen	Germany	Private
Bankhaus Neelmeyer Aktiengesellschaft, Bremen	Germany	Private
Bremer Bank, Landesbank, Kreditanstalt, Oldenburg, Bremen	Germany	Private
Bremer Bank, Niederlassung Der Dresdner Bank AG, Bremen	Germany	Private
Bremische Volksbank AG, Bremen	Germany	Private
Commerzbank Aktiengesellschaft, Bremen	Germany	Private
Deutsche Bank AG Filiale Bremen, Bremen	Germany	Private
DG Bank Deutsche Genossenschaftsbank AG, Frankfurt Am Main	Germany	Private
Die Sparkasse Bremen AG, Bremen	Germany	Private
Dresdner Bank AG, Frankfurt	Germany	Private
ABN AMRO Bank, Mumbai	India	Private
UniCredit S.p.A., Milano	Italy	Private
Tokai Bank, Ltd., Osaka	Japan	Private
Banco Comercial e de Investimentos, SARL, Maputo	Mozambique	Private
ING Groep N.V., Amsterdam	Netherlands	Private
Rabobank International, Utrecht	Netherlands	Private
Fortis, Brussels	Netherlands, Belgium	Private
Novikombank, Moscow	Russia	Private
Rosbank, Moscow	Russia	Private
Crédit Lyonnais, (SUISSE) S.A., Geneva	Switzerland	Private
Crédit Suisse, Zurich	Switzerland	Private
Barclays Bank PLC, Liverpool	UK	Private
HSBC Bank PLC, Traders Services, Manchester	UK	Private
Royal Bank of Scotland Group, Manchester	UK	Private
Standard Chartered, London	UK	Private
KeyBank NA, Bellevue, WA	USA	Private
National Bank of Commerce, Memphis	USA	Private
PNB Financial, Lubbock	USA	Private
Regions Bank, Montgomery	USA	Private
SunTrust Banks, Inc., Memphis	USA	Private
U.S. Bank International Banking Group	USA	Private
Union Planters National Bank, Memphis	USA	Private
Wells Fargo Bank, Fresno	USA	Private

* A full list, contact information, is available on the web at www.icac.org
Banks that finance cotton trade.

OCEAN FREIGHT ORGANIZATIONS

Company Name	Country*	Type
Transportes Fast SA., Maipu	Argentina	Private
ANL Container Line Pty Ltd., Sydney	Australia	Private
Logisticsnew Ltd., Sao Paulo	Brazil	Private
Maersk, Copenhagen	Denmark	Private
CMA- CGM The French Line, Marseille	France	Private
Delmas, Le Havre	France	Private
GETMA International, Paris	France	Private
Transports Terrestres Maritimes Et Fluviaux (T.M.F.), Docelles	France	Private
WAL West-Africa Linen-Dienste GmbH & Co., Hamburg	Germany	Private
George A. Callitis Succsrs S.A., Thessaloniki	Greece	Private
Interforex Shipping Agency Ltd., Piraeus	Greece	Private
Sarlis Container Services SA, Piraeus	Greece	Private
Sea Levant (Hellas) Ltd., Thessaloniki	Greece	Private
Expo Freight Pvt Ltd., Nungambakkam, Chennai	India	Private
Veneta Lombarda Spedizioni, Venice	Italy	Private
American President Lines, Osaka	Japan	Private
Kamix Corporation, Kobe	Japan	Private
Kawasaki Kisen Kaisha, Ltd., Osaka	Japan	Private
Meiko Trans Co., Ltd., Nagoya	Japan	Private
Mitsubishi Logistics Corporation, Kobe	Japan	Private
Mitsui O.S.K. Lines, Ltd., Osaka	Japan	Private
Nippon Yusen Kaisha, Osaka	Japan	Private
Shiota Kingyo Co., Ltd., Yokohama	Japan	Private
Toyo Logistics Co., Ltd, Nagoya	Japan	Private
Signals-P Ltd., Riga	Latvia	Private
A.J. Goncalves De Moraes, Lda., Leca da Palmeira	Portugal	Private
Cargomaris Shipping & Trading Ltd.	Portugal	Private
Cargonautic AG, Zurich	Switzerland	Private
DHL Danzas Air & Ocean Tas. Tic Ltd., Izmir	Turkey	Private
Maya International Trading Co Ltd., Mersin	Turkey	Private
RJJ Worldwide Ltd., Berkshire	UK	Private
Ilyichevskvneshtrans, Ilyichevsk	Ukraine	Private
Always Transportation Inc., Memphis, TN	USA	Private
Coppersmith Inc., El Segundo, CA	USA	Private
Logisource Inc., Matthews, NC	USA	Private
Mallory Alexander Int. Logistics, Memphis, TN	USA	Private
Mediterranean Shipping Co., Dallas, TX	USA	Private
The Kearney companies Inc., New Orleans, LA	USA	Private
TMM Lines, Houston, TX	USA	Private
Transales, Inc., Sumter SC	USA	Private

* Location of Headquarters.

COTTON INSURANCE ORGANIZATIONS

Company Name	Country*	Type
Centralia Argentina S.A., Buenos Aires	Argentina	Private
Agririsk Services PTY Limited, Sydney	Australia	Private
Activa Assurances, Douala	Cameroon	Private
AXA Group, Paris	France	Private
C. Wm. Konig GmbH & Co. KG, Bremen	Germany	Private
H. Kraft & Co., Bremen	Germany	Private
Lampe + Schwartze KG, Bremen	Germany	Private
NHA Hamburger Assekuranz-Agentur GmbH, Hamburg	Germany	Private
Agri Insurance Company	India	Government
National Agricultural Insurance Company	India	Government
Windsor Insurance Brokers Ltd., London	UK	Private
Agri Insurance Southeast, Inc., Tifton, GA	USA	Private
AIG Global Marine, New York, NY	USA	Private
Cotton Fire & Mar. Underwriters	USA	Private
Rekerdres & Sons, Dallas, TX	USA	Private
Zurich NA, Schaumburg, IL	USA	Private

* Location of Headquarters.