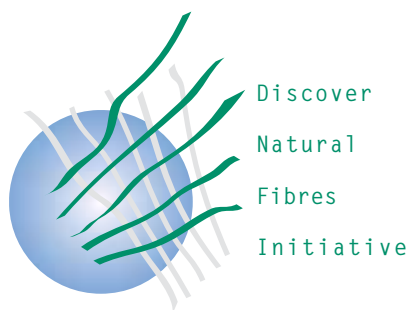




COTTON :

Review of the World Situation

International
Cotton
Advisory
Committee

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SUMMARY OF THE OUTLOOK FOR COTTON

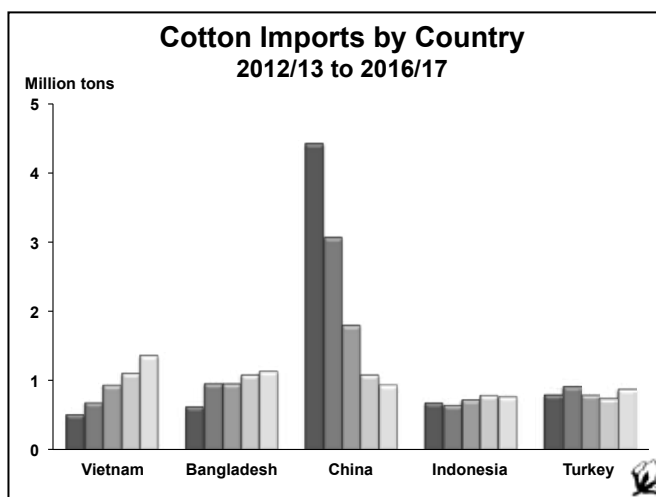
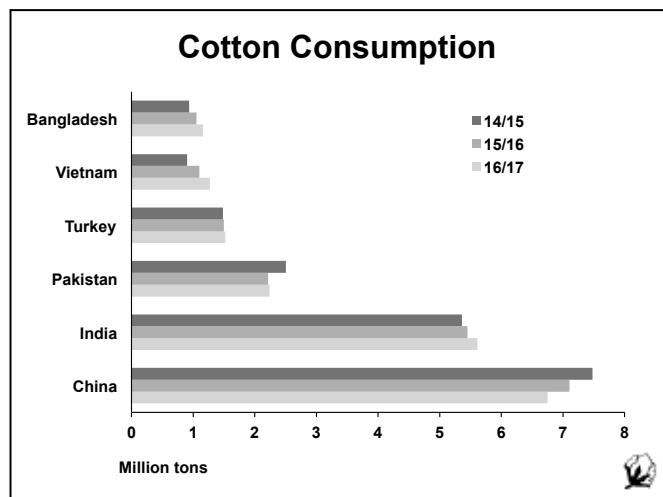
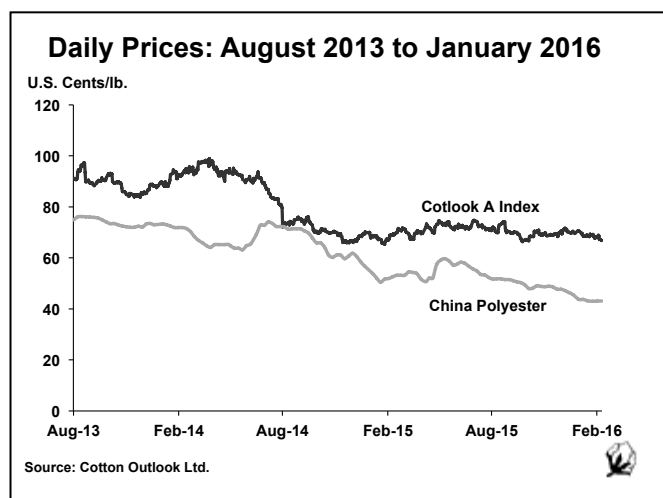
Polyester Prices Hurting Cotton's Market Share

When cotton prices dropped at the start of 2014/15, the gap between international cotton prices, as represented by the Cotlook A index, and polyester prices in China, which accounts for 72% of world polyester production, narrowed significantly and greatly improved the competitiveness of cotton. However, this only lasted for a few months as polyester prices continued to drop while cotton prices stabilized. In 2015/16, that gap has continued to widen, with polyester prices falling from 52 cts/lb in August 2015 to 43 cts/lb in January 2016, averaging 48 cents/lb during the first half of 2015/16. During the same period, the Cotlook A Index has averaged 70 cents/lb, ranging from a high of 74 cents/lb to a low of 66 cents/lb. The ongoing drop in polyester prices cuts into cotton's market share, particularly in China where polyester has been favored

over cotton in recent seasons. Cotton consumption in China is forecast down 5% to 7.1 million tons in 2015/16, which is the sixth season of decline. Despite the drop in consumption, it still remains the world's largest consumer of cotton. World cotton consumption in 2015/16 is projected down 1% to 24.1 million tons. India's cotton consumption is slowly catching up to China's due to increases in demand for cotton yarn by its domestic industry and by China. India's consumption has grown by a cumulative 27% in each of the past three seasons and is expected to increase by 2% to nearly 5.5 million tons in 2015/16. Mill use in Pakistan, the third largest consumer, is forecast to fall by 12% to 2.2 million tons. Consumption in Turkey, the fourth largest, will likely remain stable at 1.5 million tons, while consumption in Vietnam and Bangladesh are expected to grow by 22% to 1.1 million tons and 13% to 1.1 million tons, respectively.

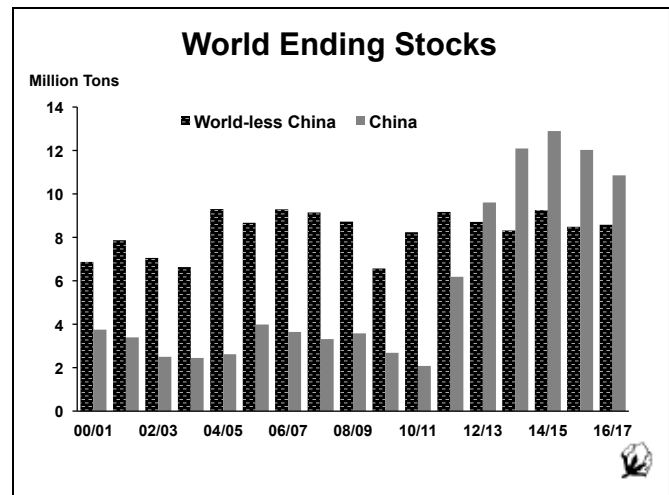
Given the fall in consumption and lower domestic cotton prices, China's imports are expected to fall by 40% to 1.08 million tons. However, if the pace of its imports remains steady, then Vietnam may overtake China as the largest importer of cotton in 2015/16. Cotton imports by Vietnam for the first four months of 2015/16 totaled 327,000 tons, while those by China totaled 247,000 tons. 2015/16 cotton imports by Vietnam are projected up 17% to 1.1 million tons to feed its growing demand. Imports by Bangladesh are forecast to be at the same level of China, increasing by 12% to 1.08 million tons. Consumption in both Vietnam and Bangladesh is increasing steadily, due to lower production costs, particularly labor. However, unlike the top three cotton consuming countries, Vietnam and Bangladesh produce very little cotton, and instead must rely on imports to meet demand.

The reduction in stocks this season is attributed to the



sharp drop in world cotton production rather than gains in consumption. 2015/16 world cotton production is forecast down 14% to 22.5 million tons, which is 5.4 million tons less than the record achieved in 2011/12. In 2015/16, world cotton area contracted by 9%, to 31.1 million hectares, in response to relatively low cotton prices. Adverse weather and increased pest pressure contributed to a decrease in world average yield of 6%, to 723 kg/ha. Of the top 10 producing countries, China, the United States and Pakistan saw the largest decreases in volume. China's production is estimated down 20% to 5.2 million tons, the United States down 21% to 2.8 million tons, and Pakistan down 30% to 1.6 million tons. Production in India, the world's largest cotton producer, is estimated down 5% to 6.2 million tons.

World ending stocks are projected to decrease by 7% to 20.5 million tons, which represents about 81% of world cotton consumption in 2015/16. China's ending stocks are forecast to decrease by 7% to 12 million tons, the majority of which is



held by the Chinese government in its reserves. Ending stocks for the rest of the world are also expected to decline by 7% to 8.7 million tons.

PRODUCTION OUTLOOK FOR 2016/17

By Rebecca Pandolph, ICAC

Following the ending of China's cotton stockpiling policy in 2014, international cotton prices have fallen by 21% to 71 cts/lb, but have remained at this level during the first five months of 2015/16. However, unlike last season, prices for many competing crops have fallen. Nevertheless, in many countries the cost of producing cotton is considered to be higher than that of other crops, making it less likely that farmers will switch to cotton. As a result, cotton area is forecast to remain stable at 31.2 million hectares in 2016/17, which is below the average of 33 million hectares observed for the past 25 years.

In addition to low prices, factors such as competition from food crops, limits in available resources (including land, seeds, water, labor and equipment) and weather are preventing cotton area from expanding in 2016/17. Assuming that the world average yield improves by 2% to 739 kg/ha due to expectations for more favorable weather, particularly in larger producing countries, world cotton production could increase to 23.1 million tons. This article describes the factors that will affect cotton plantings in 2016/17, and gives detailed projections for the largest producing countries and regions.

Factors Affecting Cotton Area

After several seasons of international cotton prices averaging well-above the long-term average of 70 cts/lb, the Cotlook A Index, which is the most widely used measure of cotton

prices on the physical market, averaged 71 cts per pound in 2014/15, 21% lower than in the previous season. The drop in international cotton prices during planting for the 2015/16 led to world cotton area falling by 8% to 31.1 million hectares, which is the lowest since 2009/10, the season following the great recession of 2008. For the first five months of 2015/16, the Cotlook A index averaged 70 cents/lb, equal to the level prevailing during the first five months in 2014/15.

Growers also consider cotton's price relative to its main competing crops, which include maize, soybean wheat, rice and sugar. As noted above, international cotton prices have been fairly stable, averaging 70 cts/lb in the last quarter of 2015, which is up just one percent from the same period in 2014.¹ In contrast, the average prices for maize, soybeans, rice and sugar have fallen during the same time period. Soybeans saw the most significant decrease and its average price fell by 17% from \$440/ton in October-December 2014 to \$374/ton in October-December 2015. Rice, sugar and sorghum also saw significant drops in prices, falling by 15%, 13%, and 14%, respectively.² As a result, the price ratios of cotton to its competing crops are slightly higher this year, making cotton relatively more attractive to plant than alternative crops. However, these prices refer to the period October-December 2015, which is still several months before planting starts, so any changes over the next few months will affect the forecasts.

1) Cotton prices are published by Cotlook Limited <<http://www.cotlook.com/>>.

2) Monthly quotes published by The World Bank Commodity Price Data "Pink Sheet" updated May 2, 2014: Soybeans (US), c.i.f. Rotterdam; Maize (US), no. 2, yellow, f.o.b. US Gulf ports; Wheat (US), no. 1, hard red winter, ordinary protein, export price delivered at the US Gulf port for prompt or 30 days shipment; Rice (Thailand), 5% broken, white rice (WR), milled, indicative price based on weekly surveys of export transactions, government standard, f.o.b. Bangkok; Sugar (world), International Sugar Agreement (ISA) daily price, raw, f.o.b. and stowed at greater Caribbean ports <<http://www.worldbank.org/en/research/commodity-markets>>.

Agricultural production costs affect all crops, but not equally, since some crops require more inputs than others. For example, production of wheat and soybean requires lower quantities of fertilizers and fuel than the cultivation of cotton. In addition, cotton requires larger amounts of pesticides and fuel (if machinery is used) than soybeans, maize and wheat. It also requires more knowledge and management from farmers compared to competing crops. In the first five months of 2015/16, the World Bank's energy index decreased by 47% from the same period in 2014/15, while the fertilizer index fell by 9% during the same period.³ The decrease in energy prices and fertilizer will also encourage more farmers to plant cotton than in past seasons where these prices were much higher. However, labor costs have also become increasingly important, particularly in countries with little mechanization. Labor costs in many countries have increased as workers move from rural areas to cities in search of higher wages, thus creating scarcity of farm labor. At the same time, mechanical harvesting is not always a viable option, since most of the machines in current use are designed for large fields and unsuitable for the numerous small farms that still use manual picking.

Expectations in the Largest Producing Countries/Regions

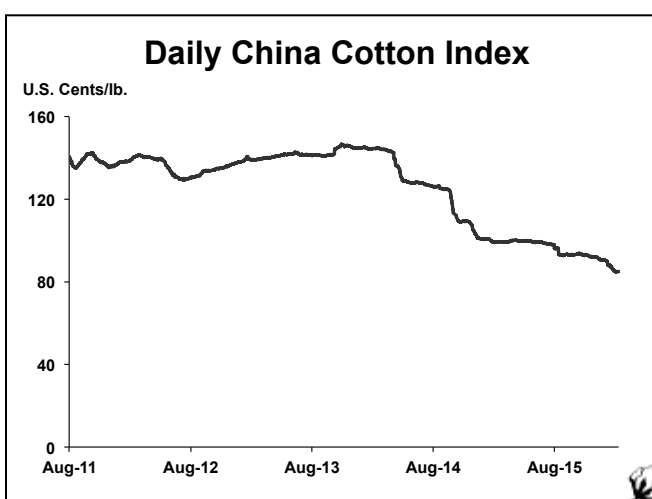
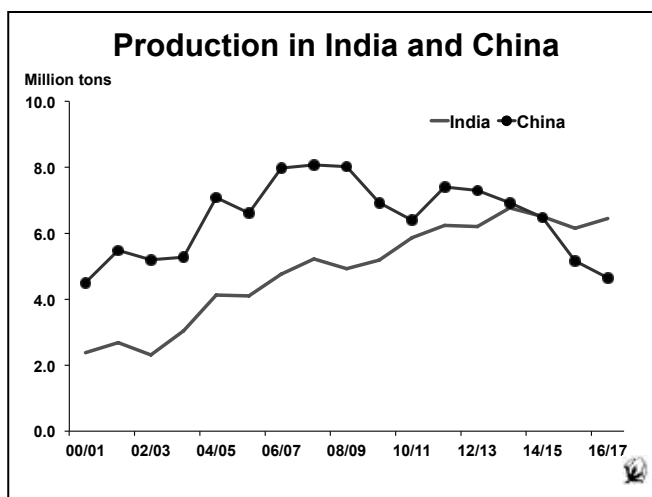
India

In 2015/16, the cotton area in India fell by 8% to 11.8 million hectares, which is, however, still well above its 10-year average of 10.7 million hectares and makes it the country with the largest cotton area. After falling by 12% to 510 kg/ha due to erratic monsoon weather and pest pressure in 2014/15, the national average yield improved by 2% to 523 kg/ha in 2015/16 due to better weather, particularly late in the growing season. However, whitefly infestations in some northern growing states in India have limited further recovery.

In 2016/17, India's area is forecast up 3% to 12.1 million hectares. Domestic cotton prices improved in 2015/16 due to continued assistance from the government's minimum support price program, as well as increased demand from Pakistan, which is experiencing a severe reduction in its 2015/16 cotton crop. At the same time, prices for competing crops are not very attractive, so some growers are expected to return to cotton in 2016/17. The national average yield may increase by 2% to 532 kg/ha if the El Niño event ends before the start of the planting season, though whitefly infestations are likely to continue so that further growth in yields is unlikely. As a result, production is forecast to increase by 5% to 6.4 million tons.

China

After three seasons of procuring domestic cotton for its national reserves, China ended its stockpiling policy in 2014/15, switching to a direct subsidy for cotton produced



in Xinjiang, its largest cotton producing state, coupled with a smaller subsidy offered to producers in several inland provinces later in the season. Planted area in China fell by 20% to 3.5 million hectares in 2015/16. Although subsidies to farmers in Xinjiang were similar to 2014/15, lower domestic cotton prices, high production costs, and reduced profitability discouraged farmers from planting cotton. Reduced subsidies to some inland provinces led to a significant drop in cotton plantings as farmers switched to more lucrative crops. As a result, production decreased by 20% to 5.2 million tons in 2015/16.

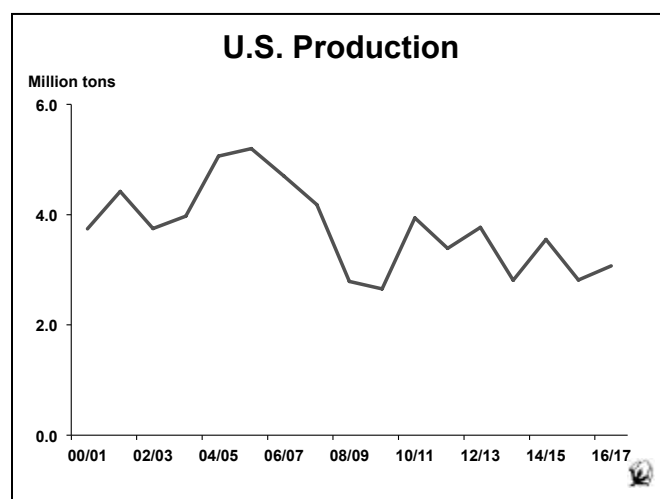
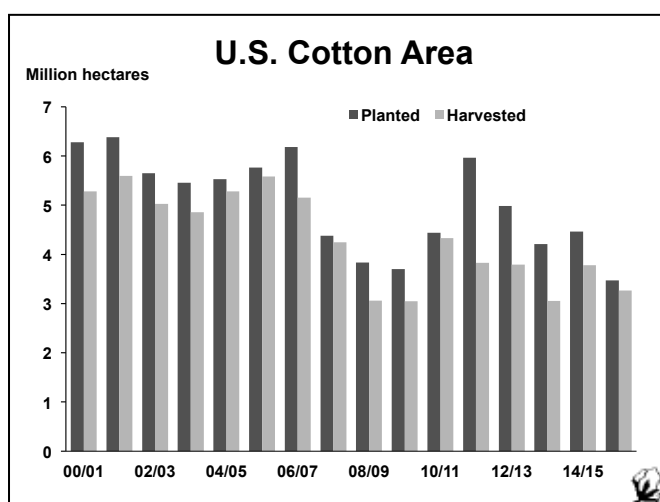
The China Cotton Index, which measures daily domestic cotton prices in China, has fallen steadily since April 2014, shortly after the Chinese government announced its change in cotton policy. In August 2015, the China Cotton Index averaged 94 cts/lb, while in January 2016 it averaged 88 cts/lb. Given that the subsidy is mostly limited to Xinjiang and domestic cotton prices continue to fall, farmers are likely to further reduce cotton plantings. Long-staple cotton may be one exception where farmers will expand area, since it receives a higher subsidy and is generally in greater demand. However,

3) Price Indices published by The World Bank Commodity Price Data "Pink Sheet" updated January 6, 2016; Index 2010 = 100.

long-staple cotton production represented around 2% of total domestic production in the last two seasons. Cotton area in 2016/17 is projected to decline by 10% to 3.1 million hectares, with a greater share planted in Xinjiang. Assuming yield is similar to that of last season, production is forecast to decrease by 10% to 4.6 million tons, which will be the lowest volume of production since 2000/01.

United States

U.S. planted cotton area fell by 22% to 3.5 million hectares in 2015/16 due to the continued decline in cotton prices in 2014/15 and the decreased attractiveness vis-à-vis competing crops. However, adequate rain during planting followed by hot dry weather helped quickly establish the cotton crop and reduce abandonment. The abandonment rate in 2015/16 is approximately 6%, the lowest since 2010/11, and the national harvested area is estimated at 3.27 million hectares, down by 13% from the previous season. The average cotton yield decreased by 8% to 862 kg/ha, below the 5-year average of 931 kg/ha, due to heavy rains and flooding in several states the southeastern part of the United States. The average yield in



the southeastern region fell by 35% to 697 kg/ha. As a result, total production for the United States decreased by 21% to 2.8 million tons in 2015/16.

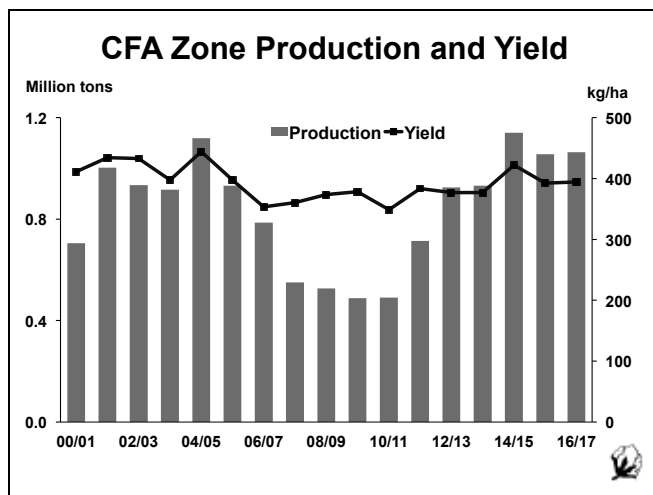
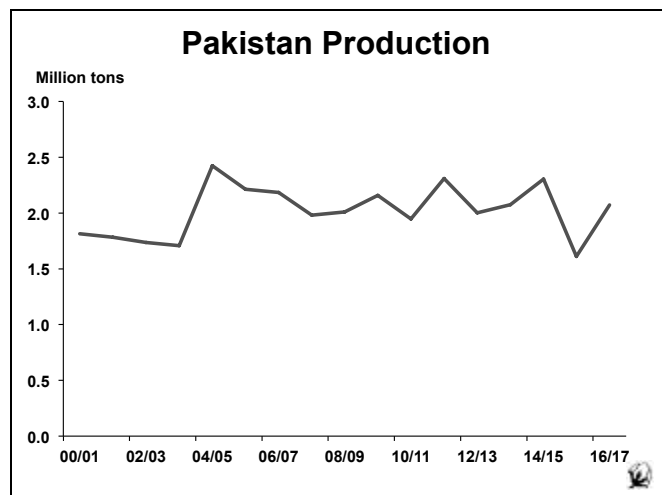
The 2015/16 season was the first season where the Stacked Income Protection Plan (STAX), the new safety provisions for cotton under the 2014 Farm Bill, was in effect. In 2015, just under 12,000 STAX policies were purchased and covered about 30% of the total planted area, whether as a standalone policy or in conjunction with other policies like yield protection. In 2016, around 11,200 STAX policies have been purchased so far.⁴ As the United States exports the majority of its crop, production is sensitive to international prices. While international cotton prices remain low, prices for many competing crops fell in the last quarter of 2015, making cotton more attractive to plant in 2016. However, high production costs, coupled with fewer government support programs for cotton than for competing crops, may limit enthusiasm for planting cotton. As a result, the harvested cotton area is projected to increase by just 2% to 3.33 million hectares. The El Nino effect may improve yield in 2016/17, as the extra rainfall replenishes soil moisture for planting. However, delays in planting may occur if El Nino is extended until late spring 2016, which could possibly reduce planted acreage or the average yield. Assuming that yield will be similar to the five-year average of 921 kg/ha, production is projected to rise by 9% to 3.1 million tons in 2016/17.

Pakistan

The cotton area in Pakistan declined by 3% to 2.9 million hectares in 2015/16 due to lower prices and other crops becoming more attractive. Low cotton prices impact yield, since farmers tend to use less fertilizer and insecticide or switch to cheaper and inferior products. At the same time, the pest pressure from whitefly and pink bollworm has increased. Flooding in the late summer also contributed to lower yields. The average yield is estimated at 561 kg/ha in 2015/16, which would be the lowest since 1998/99. As a result, production in 2015/16 decreased by 30% to 1.6 million tons.

Despite decreased consumption projected in 2015/16, the shortage of domestic cotton has kept prices steady, which may encourage some farmers to plant more cotton in 2016/17, particularly as prices for some competing crops, such as corn, have fallen. In 2016/17, the cotton area in Pakistan is projected to expand by 3% to 2.94 million hectares. The average yield could improve 26% to 705 kg/ha, assuming that quality inputs are used and better weather prevails. However, pest pressure is likely to remain a problem and may keep yield below the 10-year average of 723 kg/ha. Assuming increases in area and yield, production is forecast to increase by 29% to 2.1 million tons, which is in line with the annual average production over the last 15 years.

4) USDA Risk Management Agency, "Summary of Business Report" dated February 1, 2016, https://www3.rma.usda.gov/apps/sob/current_week/crop2015.pdf.



CFA Zone

Five countries are expected to account for 88% of cotton production in the CFA zone⁵ next season: Burkina Faso, Mali, Côte d'Ivoire, Benin and Cameroon. After five seasons of decline, regional production grew by 1% to 491,000 tons in 2010/11 and continued to expand over the next four seasons, achieving a new record of 1.14 million tons in 2014/15. Despite maintaining cotton area in 2015/16, lower average yields due to insufficient rains across the region at the start of the season led to a 7% decrease in the volume of production, estimated at 1.06 million tons. In 2016/17, area is projected to remain stable at 2.7 million hectares, though production may increase by 1% to 1.07 million tons.

Burkina Faso is the largest producer in the CFA zone in 2015/16, with production estimated at 271,000 tons, which accounts for around 26% of all cotton produced in the CFA zone. The International Finance Corporation, the Global Agriculture and Food Security Program's private sector window, and Société Générale provided financing for the 2015/16 campaign to SOFITEX, Burkina Faso's largest cotton company, to enable it to purchase seedcotton from farmers, gin the seedcotton, and export to international markets. This is similar to an investment made last season and allows SOFITEX to pay growers quickly, which, in turn, encourages farmers to plant cotton. Burkina Faso is also one of the few countries in Africa that plants biotech cottonseed commercially, accounting for about 70-80% of cotton sown. However, in 2015/16, Interprofessional Cotton, which represents various stakeholders from the cotton sector, decided to phase out the usage of biotech cotton over the next three years. This is due to the fact that yields have been much lower than expected and the quality of the cotton has declined, particularly with regard to staple length. Given the ongoing support to the industry, cotton area is projected to expand by 1% to 670,000 tons, but is limited by competition from food crops, which have increased their share of arable land over

the last few years. Assuming an average yield of 426 kg/ha, production could grow by 5% to 285,000 tons.

Mali should remain the second largest producer of cotton in the CFA zone in 2016/17, accounting for around 22% of the region's production. Its area is forecast to remain stable at 573,000 hectares and, assuming yield is similar to its 3-year average of 401 kg/ha, production is projected to decrease by 2% to 229,000 tons.

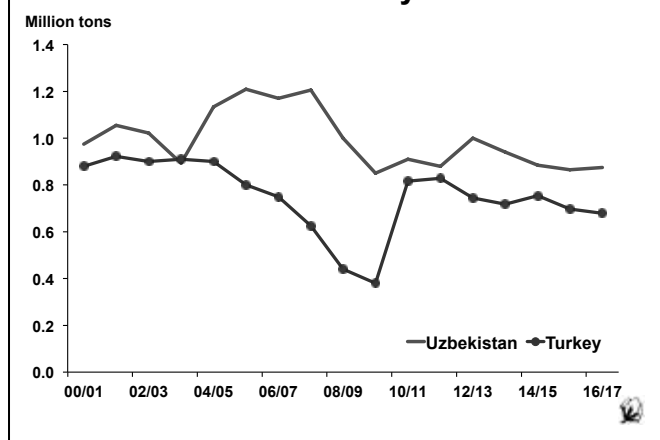
In 2015/16, production in Côte d'Ivoire represented 17% of all cotton produced in the CFA zone. Since 2011/12, production in Côte d'Ivoire has averaged around 160,000 tons a year due to greater government support for technical assistance and significant increases in the prices paid to farmers. In August 2015, stakeholders in the cotton sector met to discuss ways to boost yield through improving soil fertility, using organic fertilizer and strengthening monitoring and evaluation activities. Additionally, the government had established production zones to improve transportation logistics, but producers in some regions have strongly opposed this measure. There have also been discussions to revise the price-setting mechanism. Given the uncertainty of the cotton sector due to these changes, cotton area may decrease by 2% to 393,000 hectares in 2016/17. However, if the new measures to improve yield are implemented successfully and weather is beneficial, the average yield could improve by 3% to 460 kg/ha. As a result, production is forecast to increase by 1% to 181,000 tons.

Uzbekistan

Cotton plantings in Uzbekistan have in the past been little affected by variations in international prices, since the government sets targets for cotton plantings. In October 2015, the government of Uzbekistan formed a new holding company that will oversee the cotton sector from procurement and processing to marketing in order to attract foreign investment and improve efficiency in the sector. In 2015/16, the area under

5) Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo.

Uzbekistan and Turkey Production



cotton is estimated at 1.3 million hectares, while production decreased by 2% to 865,000 tons due to excessive heat during the growing season lowering yields. In 2016/17, cotton area is projected to decrease by 3% to 1.26 million hectares, as some cotton area is converted to grow food crops, particularly fruits and vegetables. However, ongoing research has introduced new seed varieties that mature earlier and provide higher yields, which may partially offset the reduction in area. Assuming a yield similar to its 3-year average of 695 kg/ha, production could increase by 1% to 875,000 tons in 2016/17.

Turkey

The Turkish government has invested significantly in the Southeastern Anatolia region (GAP), including building irrigation infrastructure, which encouraged farmers to plant more cotton in this region. However, losses in area have occurred in the Çukurova and Aegean regions because farmers switched to other crops, primarily maize, soybeans and cereals, due to cotton's higher cost of production. High cotton prices led to a 4% expansion in cotton area to 468,000 hectares in 2014/15 after two seasons of decline, and production increased by 5% to 754,000 tons due to better yields. However, the sharp drop in cotton prices in 2014/15 discouraged farmers from planting cotton and Turkey's total cotton area fell by 8% to 431,000 hectares in 2015/16 and production by 8% to 697,000 tons. High production costs, unattractive prices in 2015/16 and better returns from alternative crops will likely discourage farmers from planting cotton in 2016/17 and the cotton area in Turkey is projected to contract by 2% to 422,000 hectares. Interest in growing cotton has also dwindled due to the financial weakening of the Agricultural Sales Cooperatives and Unions (ASCUs) over the last decade after their restructuring in the 2000s. Before the restructuring, the ASCUs provided support to farmers of small and medium-sized holdings. Assuming yield is equal to the 3-year average of 1,607 kg/ha, production is forecast to decline by 3% to 678,000 tons in 2016/17.

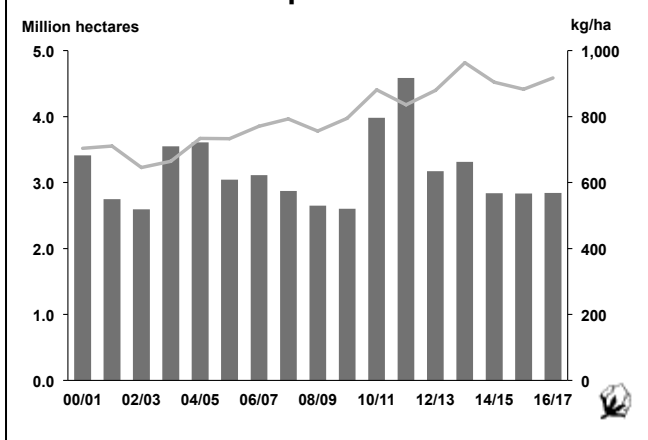
Rest of Northern Hemisphere

In the rest of the northern hemisphere, which usually accounts for around 8% of Northern Hemisphere cotton output, area is expected to contract by 3% to 2.5 million hectares. Improved yields in many countries are expected to offset the loss in area, with production forecast to remain stable at 1.6 million tons in 2016/17.

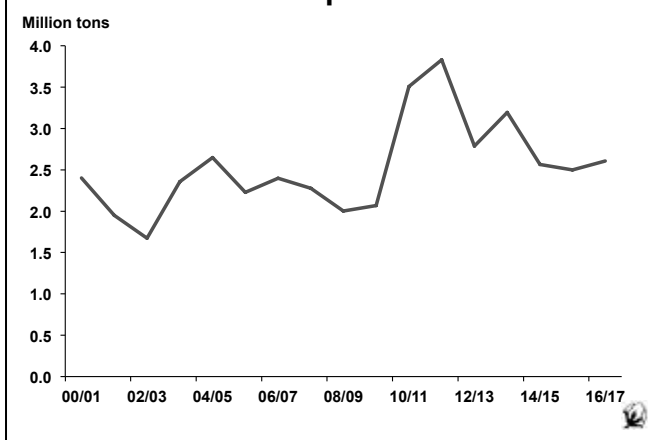
Southern Hemisphere

Planting decisions in the Southern Hemisphere will be made during the second half of 2016 and will respond to commodity prices prevailing at that time. Currently, the cotton area in the Southern Hemisphere is expected to remain stable at 2.8 million hectares in 2016/17. Based on recent average yields for each country, Southern Hemisphere production is forecast to grow by 4% to 2.6 million tons and the share of the Southern Hemisphere in world cotton production would remain unchanged at 11% in 2016/17. Much of the production growth is attributed to Australia, the second largest producer in the Southern Hemisphere, as its yields are expected to improve by 18% to 2,210 kg/ha, assuming sufficient rainfall occurs to replenish water supplies.

Southern Hemisphere Area and Yield



Southern Hemisphere Production



Conclusion

The decline in cotton production in many of the larger producing countries in 2015/16 has kept cotton prices stable while prices for many competing crops have fallen from those observed in 2014/15. However, world cotton area is expected to remain stable in 2016/17. The modest increases

in cotton area in India, the United States and Pakistan are not anticipated to offset the contraction in China's cotton area due to the downward trend in domestic cotton prices and reduced subsidy. Given the modest increase in the world average yield, world cotton production is expected to increase by 3% to 23.1 million tons in 2016/17.



SUB-SAHARAN AFRICA'S COTTON EXPORTS

By Rebecca Pandolph, ICAC

Introduction

Cotton is an important crop for Sub-Saharan Africa as a source of income, a source of foreign exchange through exports and a tool for the alleviation of poverty, since it is grown by many smallholders as a cash crop. While downstream activities, such as spinning and apparel, create additional employment and revenue, these industries remain very limited in many countries in the region or have declined substantially since their peak periods in some cases. Thus, cotton lint exports are of great importance for most cotton-producing countries in Sub-Saharan Africa. This paper examines the history of the cotton sector, the benefits reaped from cotton exports, the barriers that prevent cotton exports from expanding and the outlook for exports in this region.

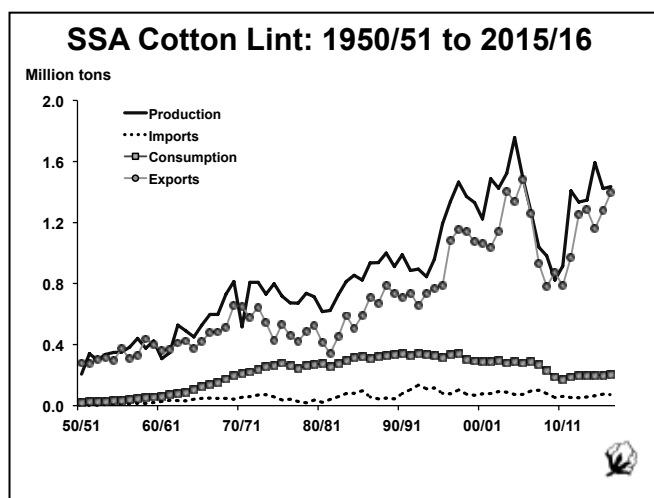
Background

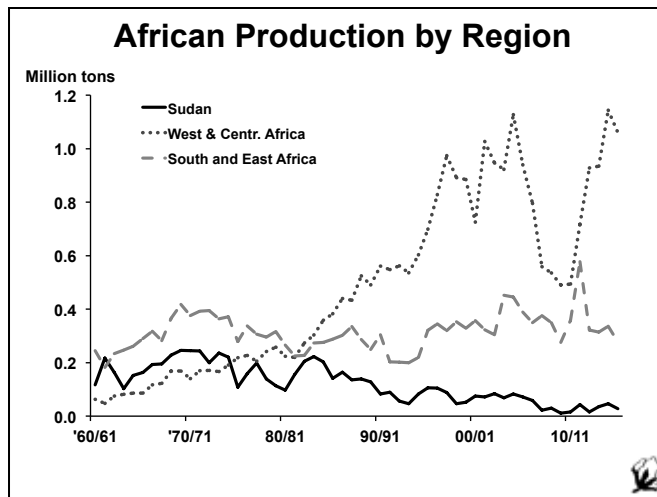
Since the 1950s, cotton production and exports in Sub-Saharan Africa have generally trended upward, growing by an average of 3% a year for from 1950/51 to 2014/15, though with considerable variation. Exports from the region have generally kept pace with production due to the fact that more than half of the cotton produced is not consumed locally. Regional consumption over the last 65 years has accounted for 8% to 46% of regional production, averaging 25% a year. Mill use in the region accelerated in the 1960s, growing by an average of 13% a year from 58,000 tons in 1960/61 to 197,000 tons 1969/70. This occurred during a period when many countries had recently gained independence and governments made heavy investments in the textile sector. Growth in mill use slowed over the next two decades to about 3% a year and annual regional consumption averaged 278,000 tons a year. During this time, local mill use accounted for an average of 36% of annual production. Although consumption reached its highest level in 1997/98 at 345,000 tons, growth had already started to decline by an average of 1% a year in the 1990s. From 2000/01 to 2009/10, mill use declined by 4% a year, reaching 188,000 tons in 2009/10 amidst the global economic downturn. In the recent past, consumption has staged a partial recovery, averaging around 197,000 tons a year from 2010/11 to 2015/16, but remains well below the levels achieved in earlier decades. Furthermore, the volume of mill use in a given season remains far below the volume of production in the last 15 years. This means that the majority of the crop is

exported in many of the cotton-producing countries in Sub-Saharan Africa.

During the 1960s, when mill use was expanding at a rapid pace, cotton production in Sub-Saharan Africa grew from 424,000 tons in 1960/61 to 832,000 tons in 1969/70, mainly due to increasing usage of fertilizer in many countries. Local consumption accounted for around 21% of annual production, leaving a sizeable volume available for exports, which grew from 360,000 tons to 658,000 tons during the same period. In the 1970s, cotton production averaged 729,000 tons a year while exports averaged 527,000 tons a year. During the 1960s and 1970s, production in Eastern and Southern Africa accounted for 49% of production in Sub-Saharan Africa while exports accounted for 41% on average. During the 1960s, production in Western and Central Africa accounted for 17% of Sub-Saharan Africa, but grew to 28% in the 1970s. Similarly, exports from Western and Central Africa represented 19% in the 1960s and expanded to 30% in the 1970s. The remaining shares of production in and exports from Sub-Saharan Africa are attributed to Sudan.

In the first season of the 1980s, cotton production and exports fell by 11% to 616,000 tons and 21% to 277,000 tons, respectively as a result of yield declining by 19% to 190 kg/ha. However, cotton prices fell by 22% in nominal terms during this season and, as a result, area declined by 14% to 2.8 million hectares. However, improved yields offset the





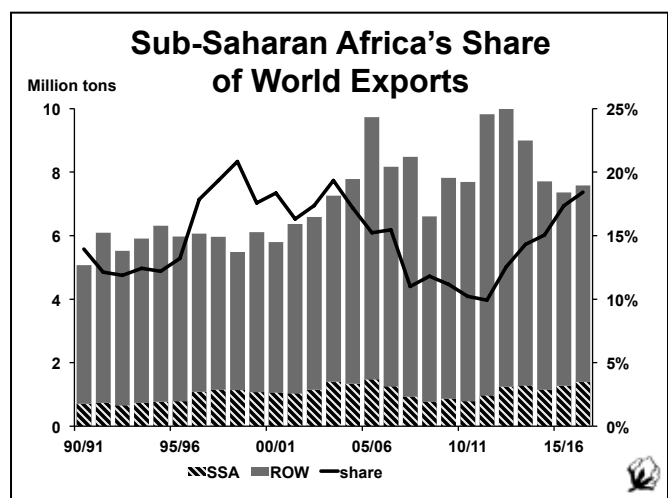
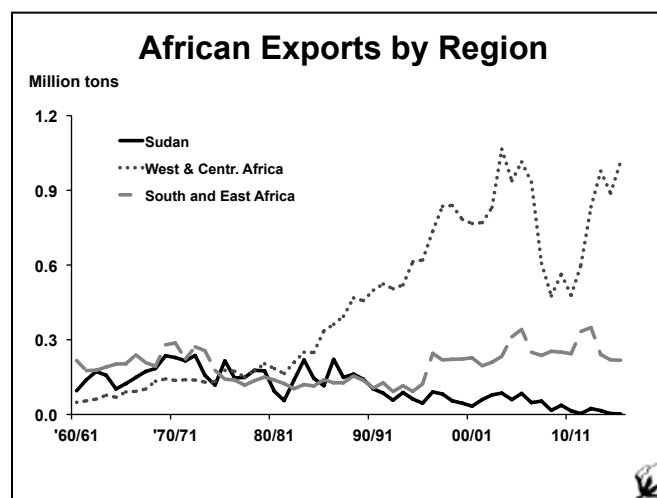
reduction in area and production increased by 1% to 623,000 tons. However, due to the global economic downturn, exports from the region fell for the second consecutive year from 416,000 tons in 1980/81 to 343,000 tons in 1981/82. During the rest of the decade production grew at a fast rate, which also boosted export growth, due in part to area increasing by 2% a year on average. However, the average yield also increased during this time period by an average of 5% a year due to the increasing use of insecticides. As a result, production in the region reached 1 million tons in 1988/89, up 62% from the start of the decade. During this decade, Western and Central Africa overtook Eastern and Southern Africa as the largest producer and exporter of cotton lint, accounting for 43% of Sub-Saharan Africa's production and 52% of its exports. Eastern and Southern Africa's production represented 34%, while their share of exports was 23%. Exports from Eastern and Southern Africa were a much smaller share of Sub-Saharan Africa's exports due to the fact that much of it was consumed locally with 68% of Sub-Saharan African consumption occurring in Eastern and Southern Africa.

The early 1990s were similar to the 1980s, with production declining in the first few years as cotton area contracted

by 19% between 1991/92 and 1993/94, with yield growth offsetting some of the loss in area, so that production declined by 15% during the same period. By 1995/96, production had reached 1.1 million tons and remained above that level for the remainder of the decade. Aside from an 11% decline in 1992/93, exports grew substantially between 1991/92 and 1997/98, averaging 828,000 tons a year and growing by 8% a year on average. Western and Central Africa's share of production and exports increased to 63% and 73%, respectively while Eastern and Southern Africa's share decreased to 25% and 17% during the 1990s.

The first half of the 2000s was marked by significant variation from season to season with regard to the volume of production before reaching a record 1.8 million tons in 2004/05. Exports followed the same trend, but usually with a lag of one season, due in part to logistics and in part to the fact that several producing countries are located in the Southern Hemisphere. Thus, export volume reached its peak in 2005/06 at 1.5 million tons. From 2005/06 through 2009/10, production declined continuously from 1.5 million tons to 824,000 tons. Exports declined from 1.3 million tons in 2006/07 to 787,000 tons in 2010/11 when cotton prices jumped to a record high. High cotton prices over the next few seasons led to increases in the area under cotton, so that production recovered to 1.6 million tons in 2014/15. Exports also recovered with nearly 90% of the crop exported during this time period and are expected to reach 1.3 million tons in 2015/16. The shares of Sub-Saharan African production and exports among the Western and Central African and Eastern and Southern Africa sub-regions remained stable, while Sudan's share declined to 10% of production and 7% of exports.

On a global scale, Sub-Saharan Africa's share of world production has ranged between 4 to 6% over the last 65 years, but its share of world exports has been much greater. From the 1960s through the 1980s, despite growing production, Sub-Saharan Africa's share of world production remained around 5% while its share of world exports was 12%. Over the next two decades, the region's share of world production increased



to 6% and its share of world exports to 15%. In the last five seasons, the region's share of world production and exports declined to 5% and 12%, respectively.

What Countries Gain from Cotton Exports

One of the reasons that many governments in Sub-Saharan Africa invest in their cotton sectors is that it helps alleviate poverty. According to World Bank data, around 65% of the total population in Sub-Saharan Africa is rural.⁶ For most of this population cotton is an important cash crop that can be grown in conjunction with food crops.

Cotton lint exports also play a vital role in the economies of cotton producing countries since they are an important source of export revenue and of foreign currency that is used to purchase imports. Although cotton's share of total export earnings has decreased in the last five years compared with the 2000-2004 period in many cotton exporting countries, it still plays an important role for several countries, particularly

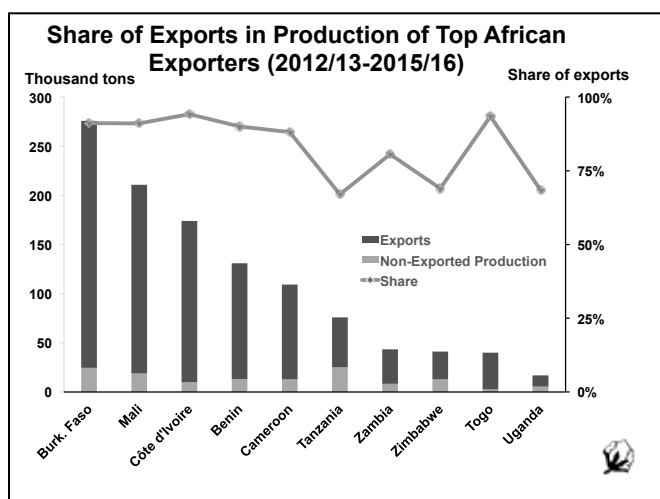
the largest exporters, Burkina Faso and Mali.

In addition, cotton lint exports help to support infrastructure and jobs associated with exports. An extensive road network helps to bring cotton as well as other agricultural products from the field to processing centers and ports. Cotton exports also support jobs in marketing and logistics.

Constraints

While Sub-Saharan Africa as a whole accounts for between 15 and 20% of world exports, the region is comprised of many countries. Thus, the export volume of each country is relatively small on the global scale and makes them price-takers that are vulnerable to price fluctuations. This is exacerbated by the fact that cotton is a crop grown over several months during which international prices may change, but producers are not able to adjust easily. For example, if prices decline after sowing, producers may choose to reduce usage of inputs like fertilizer or insecticide if their cost is higher than the return, even with improved yields. The further along in the season that the price change occurs, the more that has been invested in the crop and the harder it is to make adjustments to recoup those investments.

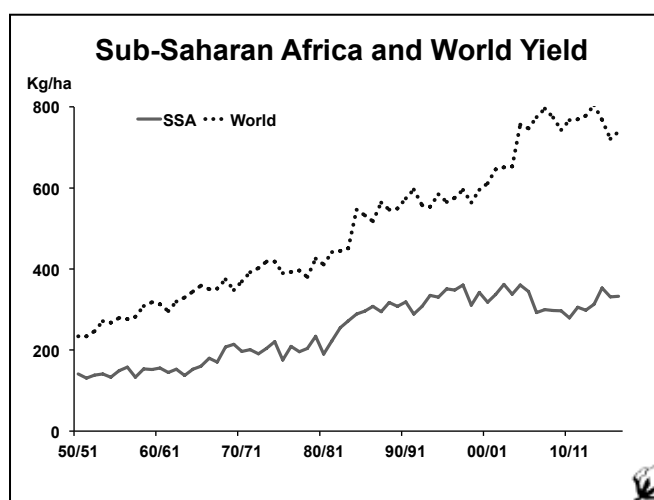
Exports from Sub-Saharan Africa are limited by the region's production potential. Expanding area can increase production, but increasing yield can provide individual growers with better returns. Since the 1950s, the world average cotton yield has increased from around 271 kg/ha to an average of 770 kg/ha in the last five season. The world average yield has generally been much higher than yields in Sub-Saharan Africa. The 1960s were a decade when the average yield in the region seemed to be catching up to the world average, as the world average was not quite 40% greater than the region's average yield. However, during the 1970s through the mid-1980s when insecticides were adopted, the world average yield became 92% greater than the average yield in Sub-



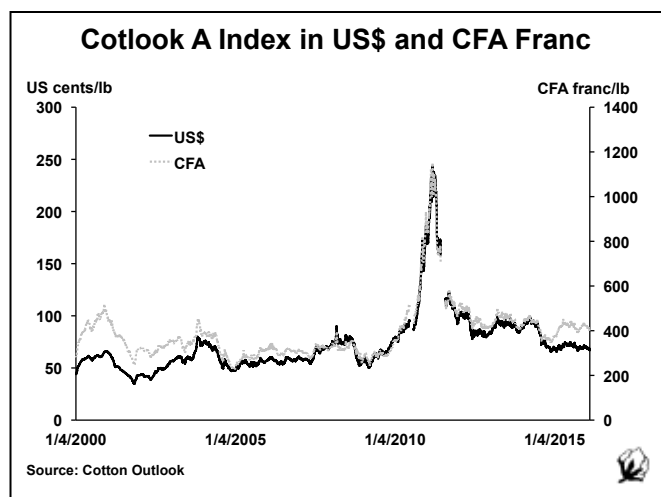
Cotton's Share of Total Export Value for Select African Countries

Country	Average 2000-04	Average 2010-14	Rank Among African Exporters in 2014/15
Benin	56%	19%	4
Burkina Faso	64%	32%	1
Cameroon	4%	3%	5
Chad	57%	3%	8
Côte d'Ivoire	3%	2%	2
Mali	51%	27%	3
Mozambique	4%	1%	13
Togo	16%	6%	10
Uganda	5%	3%	14
Zambia	3%	1%	11
Zimbabwe	8%	7%	7

Source: UNCTAD



6) <http://data.worldbank.org/topic/agriculture-and-rural-development>, accessed on February 5, 2016.



Saharan Africa. Moreover, since around 2000/01, the world average yield has been more than double the average yield for the region. This means that production in Sub-Saharan Africa could be greatly increased by focusing on yields without having to expand area.

While increases in volume can help to offset declines in international prices that reduce revenue, cotton is usually traded in U.S. dollars. Thus, the actual income earned is also affected by the rate of exchange between the U.S. dollar and the exporting country's currency. This has been an issue for a number of countries in West Africa where much of the growth in production and exports has occurred in recent decades. A number of these countries use the CFA franc, which is tied to the euro. For over a decade, the euro has been much stronger than the U.S. dollar. This makes export prices from these countries less competitive and reduces their earnings when expressed in their domestic currencies. However, in the last year the U.S. dollar has appreciated against the euro, creating an opportunity for better export earnings for these countries.

Cotton from Sub-Saharan Africa is considered to have good quality that can obtain a premium, but contamination is an ongoing issue. Efforts in recent years with investments from the public and private sector have worked towards reducing contamination, such as replacing polypropylene sacks with cotton or colored polyethylene sacks. Several countries have also invested in HVI testing, which provides objective data on cotton qualities and make it more marketable to international buyers.

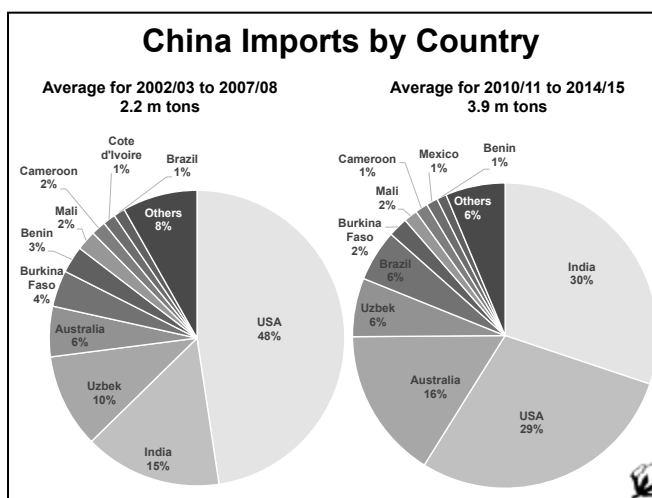
As noted above, exports from one season's production will occur in the following season due to logistical difficulties preventing the crop from reaching a port in time. For cotton producing countries that are landlocked, land border crossing points create bottlenecks that delay shipments. Additionally, these crossing points create additional costs due to duty and tax payments that are required. Poor infrastructure, inappropriate application of duties and taxes and lack of information concerning what is needed at these checkpoints all exacerbate the issue. In the last ten years, several public

and private sector initiatives have implemented projects in West Africa to facilitate land border crossings by increasing regional integration and improving infrastructure. While there has been some initial success, it is an ongoing process that requires cooperation between many countries and funding.

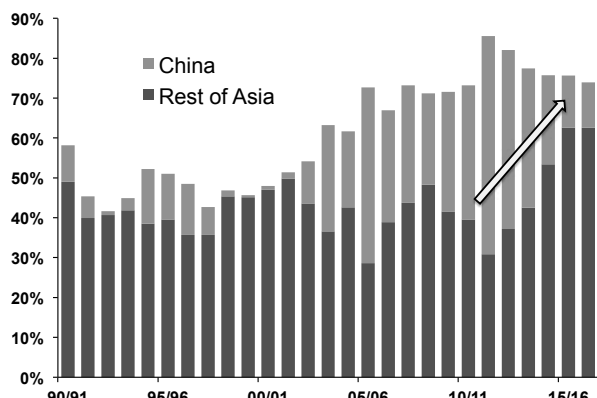
Outlook

In the next year or two, competition is expected to remain stiff as countries continue to adjust to the change in China's cotton policy, the shifting of consumption locations and stagnant global demand. The United States is likely to remain the largest exporter of cotton for some time, but its production is not expected to return to the levels seen during the previous two decades. Furthermore, mill use in the United States has also grown slowly since 2012/13. Thus, its volume of exports is unlikely to grow in the next five years. In India, the second largest exporter of cotton, consumption has grown much faster than production. If this pattern continues over the next five years, exports will decline as a greater share of its production is used locally. The expected decline in exports from the two largest exporters creates opportunities for other countries in the markets to which these countries export.

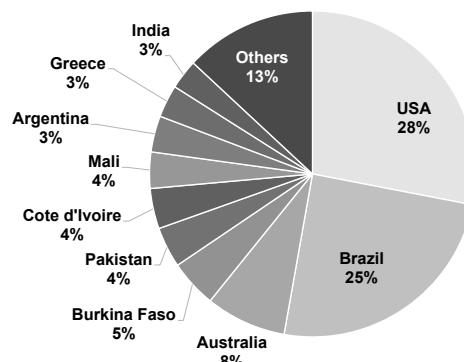
From 2000 to 2007, China's spinning sector boomed, reaching a peak of 10.9 million tons in 2007/08. For the first two years little cotton was imported, but by 2002/03, China surpassed Turkey as the world's largest importer. During this period, the United States was the largest source of China's imports, followed by India, Uzbekistan and Australia. These four countries accounted for 80% of China's exports from 2002/03 to 2007/08. The next five largest were Burkina Faso, Benin, Mali, Cameroon and Côte d'Ivoire, which together represented 12% of Chinese imports. However, China's spinning sector started to decline in 2010/11. In 2011, the Chinese government began to stockpile cotton, paying prices to producers that were much higher than prevailing international prices, which made domestic cotton unaffordable for the spinning sector. China's spinning sector initially imported cotton to meet demand, but imports decreased over the last five seasons as local mill use



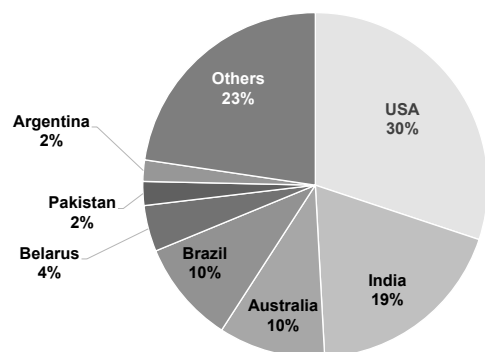
Share of World Imports



Indonesia Imports by Country 2014/15



Vietnam Imports by Country 2014 Calendar Year



waned. From 2010/11 through 2014/15, the top four exporters to China remained the same as in 2002/03 through 2007/08. However, during this period, the United States accounted for 30% of China's imports, which was the same share as India, the world's second largest exporter. In addition, Brazil had become the fifth largest supplier of cotton to China, accounting for 5% of that country's imports. Burkina Faso's share has dropped to 2% while Mali, Cameroon, Benin and Côte d'Ivoire all accounted for 1% each.

However, as China's spinning sector has declined, mill use in

several Asian countries has grown. Notably, India's own mill use expanded by 27% from 2011/12 to 2014/15. Furthermore, Bangladesh, Vietnam, and to a lesser extent, Indonesia have also grown significantly in recent seasons. However, unlike China and India, these countries rely on imports to meet all of their demand. As their mill use grows, these countries will be important export markets. In 2014, about half of Vietnam's imports came from the United States and India. Australia and Brazil also contributed a significant portion, accounting for 10% each. Bangladesh primarily sources from nearby countries, such as India, Pakistan, Uzbekistan, Turkmenistan, Tajikistan and Kazakhstan. Indonesia bought half of its cotton from the United States and Brazil in 2014/15. However, Burkina Faso, Mali and Cote d'Ivoire are also important suppliers, providing around 4-5% of its demand.

Conclusion

Cotton exports can play an import role in the economies of Sub-Saharan Africa and exports from the region have represented a meaningful share of world exports over the last five decades. There is potential for these countries to take on a greater share of world cotton exports in the next five years as exports from the largest exporters decline and demand from import-dependent countries grow. However, production from the region would need to increase in order to meet the growing demand overseas.

THE STRUCTURE OF THE WORLD COTTON TRADE

By Andrei Guitchounts, ICAC

The past several seasons were marked by conditions of relative price stability and low volatility for the world cotton trade. Low market volatility resulted in a relatively stable trade structure and a reduction in a number of contract defaults and disputes.

An indicator of market health is the number of arbitration cases filed with trade associations. A more stable market situation resulted in a reduction of defaults and arbitration cases in recent years. The number of applications for technical arbitration filed with the International Cotton Association

(ICA) declined from 76 cases in 2013 to 45 cases in 2014, and fell further to 39 cases in 2015. This is a significant reduction compared with 247 cases in 2012 and 242 in 2011. The current, relatively low number of arbitrations indicates a healthier state of the world cotton trade and improves confidence in the cotton trading system. Between 2005 and 2010, the ICA handled between 40 and 73 arbitration cases per year.

In the aftermath of the 2010/11 price shocks and in an environment of extreme volatility, many merchants incurred substantial losses, and many cotton firms of all sizes were forced into bankruptcy, merger or closure. The departed companies were mostly mono-commodity, family-owned and family-operated businesses. Their exit from the business led to higher market concentration, while multi-commodity trading houses with wider access to resources have become more prominent in cotton trading.

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, industry publications and personal knowledge. The list of cotton trading companies consists of 428 firms engaged, at least in part, in the international trade of cotton in 2014. The total number of companies that replied to the surveys is 113. Companies are divided into four categories by annual sales volume: largest (more than 200,000 tons); large (50,000-200,000 tons); medium (20,000-50,000 tons); and specialized (less than 20,000 tons). Organizations are also grouped by type of ownership: government, cooperative or private. The latest list of cotton trading organizations consists of 26 government organizations, 11 cooperatives and 391 private firms.

Largest

The most recent estimates of the volume traded by the largest companies in 2015 indicate that there are currently ten organizations with annual volumes that exceed 200,000 tons. The group of largest companies includes four government organizations, including three from Uzbekistan under the control of the Ministry of Foreign Economic Relations Investment and Trade (MFERIT) and which are counted as one organization for the purposes of this study. The three Uzbek companies were merged into one organization at the end of 2015.

This group of largest companies traded an estimated 6.2 million tons, or 24% of world production in 2015. Eight privately owned cotton trading organizations in the largest category handled 5.2 million tons in 2015, or 20% of world production. The average volume traded by the eight private companies is estimated at 650,000 tons. This group of companies is estimated to have handled about the same volume of world production in 2014. In 2015, four of the world's largest cotton

trading companies were based in the United States, and one each in Japan, China, Singapore, Switzerland, Uzbekistan and the United Kingdom.

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, and the average per company volume was estimated at 390,000 tons. The conclusions of the study were that the world cotton trade was not highly concentrated by the standards of industrial markets and 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 higher average volume than in 1994.

Louis Dreyfus Commodities, the world's largest cotton merchant, is among the largest multi-commodity traders and has close to \$65 billion in annual sales. In 2010, Louis Dreyfus acquired most of the subsidiaries of Dunavant Enterprises, one of the largest family-owned cotton merchants. In 2013 Louis Dreyfus entered into a marketing joint venture with Namoi Cotton, the largest Australian cooperative. Namoi holds 51% of the joint venture while Louis Dreyfus holds 49%.

Cargill Cotton is another of the largest cotton merchants and is a subsidiary of Cargill Inc., a leading producer and trader of food, agricultural, financial and industrial products and services. Cargill is active in grains, oilseeds, sugar, meats, poultry, fuels and other commodities. Cargill's revenues are estimated at \$120 billion during the 2015 fiscal year. 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 trading 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 and wool. The company's annual revenues are estimated at \$19 billion.

Ecom, Noble, Glencore and Multigrain are other examples of large multi-commodity trading houses that are becoming more prominent in the 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, an analysis of the structure of the world cotton trade indicates that, based on the number of companies operating and volumes of cotton traded, the sector remains highly competitive.

Large

There has been a significant reduction in the number of large merchants since the crisis of 2008. The number of large cotton traders is estimated to have declined from 44 in 2008 to 32 in 2015. The volume handled by the current group of large companies declined sharply from 4.4 million tons in 2008 to an estimated 2.6 million tons in 2015, accounting for 10% of world production (17% in 2008). Compared with 2008, the volume traded by large companies in 2015 declined by 1.8 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 1 as a result of privatization, mainly in Africa. The 1994 study indicated that there were 51 large cotton-trading companies handling 4.1 million tons, including 35 privately owned large organizations accounting for 2.5 million tons, or 13% of world production.

As of 2015, 31 private large companies account for 2.4 million tons, or 9% of world production. The 39 largest and large privately owned cotton trading companies accounted for 29% of world production and for 95% of world trade in 2015.

Eight of the 32 large cotton traders are based in the United States. Six large firms are based in India, three each in France and Brazil, and two in Singapore.

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

Medium

There are currently 34 firms in the medium category, eight less than in 2008, with an estimated combined volume of 880,000 tons. The volume traded by medium-sized companies has declined by an estimated 620,000 tons since 1994; there were 33 medium companies with approximately 1.5 million tons of combined volume. Among the 34 medium-sized companies in 2015, 4 were based in the United States 3 in Switzerland and in 2 in Turkey.

Specialized

The most recent survey includes 350 firms in the category of specialized companies, which accounted for 1.5 million tons of combined volume in 2015. 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 a decline in the volumes traded. A very large number of specialized cotton trading companies are based in the United States, Turkey, India, Switzerland, Germany, Egypt, Brazil and Italy.

A full list of cotton trading companies, banking, ocean freight and insurance organizations with contact information is available in document *Structure of World Cotton Trade* on sale at <<https://www.icac.org/login?url=%2Fpubdetail.php%3Fid%3DP0000086>>



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

Company Name	Country	Type
Largest Organizations (annual volume: more than 200,000 tons)		
Louis Dreyfus Commodities, Cordova	USA	Private
Cargill Cotton, Cordova	USA	Private
Olam International Ltd, Singapore 1/	SINGAPORE	Private
Ecom USA Inc, Dallas 2/	USA	Private
Staple Cotton Cooperative Association, Greenwood	USA	Cooperative
Paul Reinhart AG, Winterthur 3/	SWITZERLAND	Private
Chinatex, Beijing, China	CHINA (MAINLAND)	Government
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 4/	UK	Private
Toyo Cotton (Japan) Co, Osaka 5/	JAPAN	Private

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

The Cotton Corporation of India Ltd, Mumbai	INDIA	Government
Calcot Ltd, Bakersfield	USA	Cooperative
Namoi Cotton Cooperative Ltd, Wee Waa, NSW	AUSTRALIA	Cooperative
C.A. Galiakotwala & Co Ltd, Mumbai	INDIA	Private
Gill & Co Ltd, Mumbai	INDIA	Private
Kotak & Co Pvt Ltd, Mumbai	INDIA	Private
Toyoshima & Co Ltd, Nagoya	JAPAN	Private
Omnicoton Inc., Plano	USA	Private
EISA – Empresa Ineragropecuária S.A., São Paulo 2/	BRAZIL	Private
Agro Industrias Unidas De Mexico SA De Cv Amsa, Mexico City 2/	MEXICO	Private
Multigrain SA, Sao Paulo	BRAZIL	Private
Noble Resources Group, Singapore	SINGAPORE	Private
Carolinas Cotton Growers Cooperative, Inc	USA	Cooperative
International Cotton and Textile Trading Co Ltd, Lugano	SWITZERLAND	Private
Jess Smith & Sons Cotton, Llc, Bakersfield	USA	Private
Otto Stadlander GmbH, Bremen	GERMANY	Private
Komal Amin Export Pvt. Ltd.	INDIA	Private
Texas Cotton Marketing Corp., Austin	USA	Private
Allbright Cotton, Fresno	USA	Private
Mambo Commodities, Paris	FRANCE	Private
SA Goenka, Barcelona	SPAIN	Private
Violar SA, Larisa	GREECE	Private
ACG Cotton Marketing, Lubbock	USA	Private
Agrocorp International PTE Ltd	SINGAPORE	Private
Arco Cotton Agents (I.C.T. International Cotton Trading), Milan	ITALY	Private
Bhadresh Trading Corporation Ltd	INDIA	Private
CGG Trading SA Sao Paulo	BRAZIL	Private
Chang Zhou World Cotton Co Ltd	CHINA	Private
Compagnie Cotonnière Copaco, Paris 6/	FRANCE	Private
Gap Pazarlama A.S., Istanbul	TURKEY	Private
Loeb & Company, Inc, Montgomery	USA	Private
Devcot SA, Lille	FRANCE	Private

Medium-Sized Organizations (annual volume: 20,000 to 50,000 tons)

Glencore International Ag, Baar	SWITZERLAND	Private
J.G. Boswell Company, Pasadena 7/	USA	Private
Everseason Enterprises Limited, Central	HONG KONG	Private
Jaume Artigas, Barcelona	SPAIN	Private
Eastern Trading Co, Inc, Greenville	USA	Private
M. Schiefer Trading Co, Lubbock	USA	Private
Sekharia Exports, Mumbai	INDIA	Private
Société Cotonnière du Tchad Cotontchad, Paris	CHAD	Government
Central Cotton Company Limited, Liverpool 4/	UK	Private
Cukurova Cotton Cooperatives Association Cukobirlik, Adana	TURKEY	Cooperative
Taris Pamuk Tarim Satis Koop.Birligi, Izmir	TURKEY	Private
Plains Cotton Cooperative Association, Lubbock	USA	Cooperative
Auscott Ltd, Sydney NSW 7/	AUSTRALIA	Private
Daewoo Corporation, Seoul	R. of KOREA	Private
Yamachu Mengyo Co Ltd Osaka, Osaka	JAPAN	Private
Bangladesh Textile Mills Corporation, Dhaka	BANGLADESH	Government
Battistel Amioti Srl, Milan	ITALY	Private
Compagnie Cotonnière du Benin, Cotonou 6/	BENIN	Government
Compagnie Ivoirienne pour le Developpement des Textiles CIDT	COTE D'IVOIRE	Government
Cotton Distributors Inc, Lausanne	SWITZERLAND	Private
Egycot for International Trading	EGYPT	Private
Industrie Cotonnière Beninoise, Cotonou	BENIN	Government
Label Coton, Cotonou	BENIN	Private
Lyons Cotton, Inc, Memphis	USA	Private
Modern Nile Cotton Co, Alexandria	EGYPT	Private
Newcot Ltd, Chene-Bougeries	SWITZERLAND	Private
Rhein-Schelde Handelgesellschaft Fp Mostert Kg, Neuss	GERMANY	Private
Ritis International, Cotonou	BENIN	Private
Santista Textil SA, Sao Paulo	BRAZIL	Private
Société Beninoise de Representation Sobere, Cotonou	BENIN	Government
Société Nationale pour la Promotion Agricole Sonapra, Cotonou	BENIN	Private
Taevertex, Ghent	BELGIUM	Private
The Cotton Company of Zimbabwe Ltd, Harare	ZIMBABWE	Private
Societe d'Importation et de Commission, Le Havre	FRANCE	Private

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

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

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

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

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

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


2015/16 SUPPLY AND USE OF COTTON BY COUNTRY February 1, 2016

	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	0	1		0	0.13	0.13
CUBA	4	272	1	1	2	3		1	0.19	0.19
DOM. REP.					1	1		0	0.47	0.47
MEXICO	130	1,449	188	209	213	409	47	155	0.34	0.38
USA	3,268	862	2,817	980	2	784	2,199	816	0.27	1.04
N. America	3,407	883	3,008	1,190	219	1,199	2,246	972	0.28	0.81
EL SALVADOR				10	27	27		10	0.35	0.35
GUATEMALA				8	24	24		8	0.33	0.33
HONDURAS	0	319	0	0				0		
C. America	2	514	1	18	51	52	0	18	0.34	0.35
ARGENTINA	447	537	240	306	2	144	115	289	1.12	2.01
BOLIVIA	4	625	3	2	2	4	1	2	0.51	0.59
BRAZIL	957	1,568	1,500	1,147	5	797	825	1,030	0.64	1.29
CHILE				0	0	0		0	0.15	0.15
COLOMBIA	29	849	25	23	23	55	1	15	0.26	0.26
ECUADOR	1	440	1	1	13	13		1	0.10	0.10
PARAGUAY	12	567	7	6	0	7	2	5	0.56	0.70
PERU	27	673	18	15	66	82	1	15	0.18	0.19
URUGUAY				0	0	0		0	0.59	0.59
VENEZUELA	15	414	6	4	4	11		3	0.26	0.26
S. America	1,493	1,206	1,800	1,505	115	1,114	944	1,361	0.66	1.22
ALGERIA				2	5	5		2	0.31	0.31
EGYPT	105	817	85	58	57	126	35	39	0.24	0.31
MOROCCO				5	36	36		5	0.14	0.14
SUDAN	50	516	28	52		9	2	69	6.34	7.77
TUNISIA				3	13	13		3	0.21	0.21
N. Africa	155	734	113	120	111	190	37	118	0.52	0.62
BENIN	330	397	131	67		4	128	65	0.50	16.37
BURKINA FASO	663	409	271	157		4	275	149	0.54	37.26
CAMEROON	222	513	114	69		2	113	69	0.60	36.05
CENT. AFR. REP.	35	230	8	3			8	3	0.40	
CHAD	320	227	73	23		1	66	29	0.43	57.08
COTE D'IVOIRE	401	445	179	39		2	153	63	0.40	30.50
GUINEA	12	273	3	1			3	1	0.41	
MADAGASCAR				3				3		
MALI	573	440	252	124		3	231	142	0.61	47.49
NIGER	5	448	2	0		1	1	0	0.11	0.25
SENEGAL	32	390	13	4		1	10	5	0.48	6.91
TOGO	110	369	41	13			39	15	0.40	
F. Africa	2,704	402	1,086	503		17	1,026	545	0.52	31.73
ANGOLA	3	302	1	0		1	0	0	0.35	0.48
ETHIOPIA	66	642	42	17	25	51	0	33	0.64	0.65
GHANA	16	366	6	2	1	1	6	2	0.25	1.31
KENYA	21	184	4	2	2	7	0	1	0.16	0.16
MALAWI	150	230	35	24		3	35	21	0.54	6.84
MOZAMBIQUE	110	222	20	16			24	12	0.50	
NIGERIA	253	205	52	26	1	19	37	22	0.39	1.14
SOUTH AFRICA	15	1,218	18	18	17	22	10	21	0.65	0.93
TANZANIA	315	217	68	120		34	54	100	1.14	2.93
UGANDA	61	284	17	21		1	22	16	0.74	31.64
CONGO, DR				2	8	8		2	0.27	0.27
ZAMBIA	298	143	43	64		2	40	65	1.58	
ZIMBABWE	207	119	25	24		4	32	12	0.34	3.30
S. Africa	1,537	217	334	340	75	176	260	313	0.72	1.78
KAZAKHSTAN	103	441	45	45	0	11	48	32	0.53	2.77
KYRGYZSTAN	23	822	19	4	4	1	20	5	0.24	5.39
TAJIKISTAN	154	533	82	30		9	75	27	0.32	2.88
TURKMENISTAN	534	515	300	39		152	120	66	0.24	0.44
UZBEKISTAN	1,220	701	855	253	1	338	526	245	0.28	0.73
C. Asia	2,034	640	1,302	371	5	512	790	375	1.62	0.73



2015/16 SUPPLY & USE OF COTTON BY COUNTRY (cont'd)

February 1, 2016

	AREA	YIELD	PROD	BEG STKS	IMPORTS	CONS	EXPORTS	END STKS	S/U *	S/MU **
	000 Ha	Kgs/Ha			000 Metric Tons				Ratio	Ratio
AUSTRIA				0	6	5	0	1	0.15	0.17
AZERBAIJAN	19	656	12	6		15		3	0.20	0.20
BELARUS				4	11	11		4	0.34	0.34
BELGIUM				2	12	5	8	1	0.11	0.26
BULGARIA	0	324	0	1	5	5	0	1	0.11	0.12
CZECH REP.				0	4	3	0	1	0.54	0.54
DENMARK					0	0				
ESTONIA										
FINLAND										
FRANCE				3	16	13	3	3	0.16	0.19
GERMANY				11	53	48	5	11	0.20	0.22
GREECE	260	838	218	52	3	19	202	52	0.24	2.75
HUNGARY				0	0	0		0	0.38	0.38
IRELAND				0	0	0		0	0.06	0.06
ITALY				8	50	48	4	6	0.11	0.12
LATVIA				0	0	0	0	0	0.52	1.00
LITHUANIA				0				0		
MOLDOVA				1	2	2		1	0.34	0.34
NETHERLANDS				0	4	4		0	0.10	
NORWAY										
POLAND				2	7	7		2	0.26	0.26
PORTUGAL				10	29	32		6	0.20	0.20
ROMANIA				0	1	1		0	0.06	0.06
RUSSIA	1	521	1	18	52	52	1	17	0.32	0.33
SLOVAK REP.										
SPAIN	76	775	59	20	3	5	57	20	0.32	3.77
SWEDEN				0				0		
SWITZERLAND				0	3	3	0	0	0.12	0.12
UKRAINE				0	2	2		0	0.20	0.20
UNITED KINGDOM				0	0	0		0	0.20	0.20
FORMER YUGOSLAVIA				1	6	6		1	0.23	0.23
Europe	358	811	290	141	273	292	280	132	0.23	0.45
Including EU-28	336	824	277	110	195	198	280	104	0.22	0.53
CHINA	3,470	1,489	5,166	12,888	1,078	7,105	4	12,021	1.69	1.69
TAIWAN				43	168	174		36	0.21	0.21
HONG KONG				33	1		3	32	12.03	
Sub total	3,470	1,489	5,166	12,963	1,246	7,279	7	12,089	1.66	1.66
AUSTRALIA	300	1,867	560	221	0	7	545	229	0.41	32.51
INDONESIA	8	603	5	107	782	753		141	0.19	0.19
JAPAN				17	64	65		16	0.24	0.24
KOREA, D.R.				1	5	5		1	0.24	0.24
KOREA, REP.				68	270	284		55	0.19	0.19
MALAYSIA				54	73	16	58	54	0.73	3.41
PHILIPPINES	0	569	0	4	16	16		4	0.26	0.26
SINGAPORE				0	0		0	0	2.17	
THAILAND	2	518	1	45	312	313		45	0.14	0.14
VIETNAM	9	465	4	127	1,098	1,101		128	0.12	0.12
E. Asia	339	1,706	578	647	2,622	2,569	603	674	0.21	0.26
AFGHANISTAN	45	414	19	14		4	14	14	0.74	3.15
BANGLADESH	40	675	27	248	1,078	1,054		299	0.28	0.28
INDIA	11,763	523	6,150	2,124	267	5,450	1,013	2,078	0.32	0.38
MYANMAR	239	653	156	104	51	207		104	0.50	0.50
PAKISTAN	2,869	561	1,611	766	418	2,217	81	496	0.22	0.22
SRI LANKA				0	2	2		1	0.36	0.36
S. Asia	14,959	532	7,965	3,256	1,816	8,937	1,108	2,992	0.30	0.33
IRAN	91	720	66	36	66	131		36	0.28	0.28
IRAQ	19	362	7	1	7	13		2	0.18	0.18
ISRAEL	10	1,732	18	1			17	2	0.11	
SYRIA	44	883	39	155		86	5	103	1.13	1.20
TURKEY	431	1,583	682	907	755	1,500	46	798	0.52	0.53
Sub total	634	1,303	826	1,107	839	1,754	70	949	1.36	0.54
WORLD TOTAL	31,070	723	22,461	22,160	7,373	24,084	7,373	20,537	0.85	0.85

*/ Ending stocks divided by consumption plus exports.

Subtotals and total include countries not shown.

**/ Ending stocks divided by consumption.


2016/17 SUPPLY AND USE OF COTTON BY COUNTRY February 1, 2016

	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	0	0		0	0.13	0.13
CUBA	4	271	1	1	2	3		1	0.19	0.19
DOM. REP.					1	1		0	0.47	0.47
MEXICO	130	1,563	203	155	252	417	48	144	0.31	0.34
USA	3,399	930	3,162	816	2	788	2,267	925	0.30	1.17
N. America	3,537	952	3,367	972	258	1,211	2,316	1,070	0.30	0.88
EL SALVADOR				10	26	28		8	0.30	0.30
GUATEMALA				8	24	24		8	0.32	0.32
HONDURAS	0	318	0	0				0		
C. America	2	513	1	18	50	52	0	17	0.32	0.32
ARGENTINA	447	526	235	289	2	141	154	232	0.78	1.64
BOLIVIA	4	639	3	2	2	4	0	2	0.56	0.59
BRAZIL	938	1,542	1,446	1,030	5	749	702	1,030	0.71	1.38
CHILE				0	0	0		0	0.15	0.15
COLOMBIA	29	821	24	15	32	55	1	15	0.26	0.26
ECUADOR	1	439	1	1	13	13		1	0.10	0.10
PARAGUAY	11	484	5	5	6	7	4	5	0.41	0.64
PERU	27	795	21	15	61	81	1	15	0.19	0.19
URUGUAY				0	0	0		0	0.59	0.59
VENEZUELA	15	394	6	3	5	11		3	0.26	0.26
S. America	1,472	1,183	1,741	1,361	126	1,062	862	1,303	0.68	1.23
ALGERIA				2	5	5		2	0.32	0.32
EGYPT	105	821	86	39	86	125	43	44	0.26	0.35
MOROCCO				5	36	36		5	0.14	0.14
SUDAN	50	487	24	69		9	16	69	2.82	7.77
TUNISIA				3	12			3	0.22	0.22
N. Africa	155	713	111	118	140	187	59	122	0.50	0.65
BENIN	332	404	134	65		4	142	54	0.37	13.40
BURKINA FASO	666	431	287	149		4	303	129	0.42	32.31
CAMEROON	224	513	115	69		2	130	52	0.39	27.18
CENT. AFR. REP.	35	231	8	3			8	3	0.40	
CHAD	321	184	59	29		1	58	29	0.50	58.06
COTE D'IVOIRE	403	460	185	63		2	168	78	0.46	37.79
GUINEA	12	276	3	1			3	1	0.40	
MADAGASCAR				3				3		
MALI	576	395	228	142		3	258	109	0.42	36.42
NIGER	5	447	2	0		1	1	0	0.11	0.25
SENEGAL	32	390	13	5		1	12	5	0.39	6.50
TOGO	111	350	39	15			39	15	0.40	
F. Africa	2,717	395	1,073	545		17	1,122	479	0.42	27.86
ANGOLA	3	302	1	0		1	0	0	0.33	0.48
ETHIOPIA	66	423	28	33	25	52	0	33	0.63	0.63
GHANA	16	365	6	2	1	1	6	2	0.25	1.31
KENYA	21	181	4	1	2	5	0	1	0.23	0.23
MALAWI	151	240	36	21		3	32	22	0.61	7.20
MOZAMBIQUE	110	223	25	12			22	15	0.68	
NIGERIA	253	202	51	22	1	19	39	16	0.28	0.84
SOUTH AFRICA	15	1,202	18	21	14	23	10	21	0.64	0.93
TANZANIA	315	217	68	100		34	57	77	0.84	2.24
UGANDA	61	275	17	16		1	24	9	0.37	17.18
CONGO, DR				2	8	8		2	0.27	0.27
ZAMBIA	298	143	43	65		2	59	47	0.78	
ZIMBABWE	217	199	43	12		4	26	25	0.84	6.75
S. Africa	1,549	222	344	313	71	176	276	276	0.61	1.56
KAZAKHSTAN	103	582	60	32	0	11	48	32	0.53	2.75
KYRGYZSTAN	23	837	19	5	4	1	22	5	0.22	5.39
TAJIKISTAN	154	566	87	27		9	78	27	0.31	2.88
TURKMENISTAN	534	535	286	66		155	130	66	0.23	0.43
UZBEKISTAN	1,220	725	884	245	1	339	524	267	0.31	0.79
C. Asia	2,034	657	1,336	375	5	517	802	397	1.61	0.77


2016/17 SUPPLY & USE OF COTTON BY COUNTRY (cont'd) February 1, 2016

	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	5		1	0.17	0.17
AZERBAIJAN	19	656	12	3		14		2	0.11	0.11
BELARUS				4	11	11		4	0.34	0.34
BELGIUM				1	13	5	8	1	0.11	0.27
BULGARIA	0	324	0	1	5	5	0	1	0.11	0.11
CZECH REP.				1	3	3	0	1	0.56	0.56
DENMARK					0	0				
ESTONIA										
FINLAND										
FRANCE				3	16	13	3	3	0.16	0.20
GERMANY				11	52	48	5	11	0.20	0.22
GREECE	260	991	258	52	3	19	242	52	0.20	2.81
HUNGARY				0	0	0		0	0.16	0.16
IRELAND				0	0	0		0	0.07	0.07
ITALY				6	51	48	3	6	0.11	0.12
LATVIA				0	0	0	0	0	0.52	1.00
LITHUANIA				0				0		
MOLDOVA				1	2	2		1	0.34	0.34
NETHERLANDS				0	4	4		0	0.10	
NORWAY										
POLAND				2	7	7		2	0.27	0.27
PORTUGAL				6	33	29		11	0.37	0.37
ROMANIA				0	1	1		0	0.06	0.06
RUSSIA	1	520	1	17	52	52	1	17	0.32	0.32
SLOVAK REP.										
SPAIN	75	850	64	20	3	5	63	19	0.28	3.65
SWEDEN				0				0		
SWITZERLAND				0	3	3	0	0	0.12	0.12
UKRAINE				0	2	2		0	0.20	0.20
UNITED KINGDOM				0	0	0		0	0.20	0.20
FORMER YUGOSLAVIA				1	6	6		1	0.23	0.23
Europe	357	939	335	132	275	285	325	133	0.22	0.47
Including EU-28	336	959	322	104	197	192	324	107	0.21	0.56
CHINA	3,123	1,464	4,572	12,021	1,015	6,750	4	10,854	1.61	1.61
TAIWAN				36	165	165		36	0.22	0.22
HONG KONG				32	1		3	29	8.91	
Sub total	3,123	1,464	4,572	12,089	1,181	6,915	8	10,919	1.58	1.58
AUSTRALIA	315	2,210	696	229	0	7	608	310	0.50	46.38
INDONESIA	8	615	5	141	769	780		135	0.17	0.17
JAPAN				16	63	63		15	0.24	0.24
KOREA, D.R.				1	5	5		1	0.24	0.24
KOREA, REP.				55	284	284		55	0.19	0.19
MALAYSIA				54	73	16	79	32	0.34	2.03
PHILIPPINES	0	567	0	4	16	16		4	0.24	0.24
SINGAPORE				0	0		0	0	2.17	
THAILAND	2	517	1	45	315	317		45	0.14	0.14
VIETNAM	9	465	4	128	1,356	1,270		218	0.17	0.17
E. Asia	353	2,023	713	674	2,881	2,764	687	817	0.24	0.30
AFGHANISTAN	43	413	18	14		4	13	14	0.78	3.15
BANGLADESH	40	708	28	299	1,131	1,159		299	0.26	0.26
INDIA	12,116	532	6,447	2,078	267	5,614	1,085	2,094	0.31	0.37
MYANMAR	244	634	155	104	10	207		62	0.30	0.30
PAKISTAN	2,941	705	2,074	496	291	2,240	60	562	0.24	0.25
SRI LANKA				1	2	2		1	0.36	0.36
S. Asia	15,386	567	8,723	2,992	1,701	9,228	1,157	3,031	0.29	0.33
IRAN	82	666	55	36	77	132		36	0.27	0.27
IRAQ	14	361	5	2	7	12		2	0.19	0.19
ISRAEL	10	1,767	18	2			18	2	0.11	
SYRIA	9	985	9	103		33	1	77	2.24	2.33
TURKEY	422	1,592	672	798	896	1,523	45	798	0.51	0.52
Sub total	560	1,371	767	949	990	1,719	65	922	1.40	0.54
WORLD TOTAL	31,226	739	23,075	20,537	7,678	24,128	7,678	19,484	0.81	0.81

*/ Ending stocks divided by consumption plus exports.

Subtotals and total include countries not shown.

**/ Ending stocks divided by consumption.

**ICAC****SUPPLY AND DISTRIBUTION OF COTTON****February 1, 2016**

Seasons begin on August 1

	2011/12	2012/13	2013/14 Est.	2014/15 Est.	2015/16 Proj.	2016/17 Proj.
	Million Metric Tons					
BEGINNING STOCKS						
WORLD TOTAL	10.319	15.349	18.316	20.445	22.16	20.54
CHINA	2.087	6.181	9.607	12.088	12.89	12.02
USA	0.566	0.729	0.903	0.651	0.98	0.82
PRODUCTION						
WORLD TOTAL	27.838	26.724	26.279	26.130	22.46	23.08
INDIA	6.239	6.205	6.770	6.507	6.15	6.45
CHINA	7.400	7.300	6.929	6.480	5.17	4.57
USA	3.391	3.770	2.811	3.553	2.82	3.16
PAKISTAN	2.311	2.002	2.076	2.305	1.61	2.07
BRAZIL	1.877	1.310	1.734	1.551	1.50	1.45
UZBEKISTAN	0.880	1.000	0.940	0.885	0.86	0.88
OTHERS	5.740	5.137	5.020	4.849	4.36	4.49
CONSUMPTION						
WORLD TOTAL	22.784	23.563	23.878	24.314	24.08	24.13
CHINA	8.635	8.290	7.517	7.479	7.11	6.75
INDIA	4.231	4.762	5.186	5.359	5.45	5.61
PAKISTAN	2.121	2.216	2.470	2.506	2.22	2.24
EUROPE & TURKEY	1.498	1.564	1.615	1.698	1.71	1.73
VIETNAM	0.410	0.492	0.694	0.903	1.10	1.27
BANGLADESH	0.700	0.765	0.880	0.937	1.05	1.16
USA	0.718	0.762	0.773	0.778	0.78	0.79
BRAZIL	0.897	0.910	0.862	0.797	0.80	0.75
OTHERS	3.574	3.802	3.881	3.857	3.87	3.83
EXPORTS						
WORLD TOTAL	9.825	9.984	8.992	7.704	7.37	7.68
USA	2.526	2.836	2.293	2.449	2.20	2.27
INDIA	2.159	1.685	2.014	0.914	1.01	1.08
CFA ZONE	0.597	0.829	0.974	0.885	1.02	1.12
BRAZIL	1.043	0.938	0.485	0.851	0.82	0.70
UZBEKISTAN	0.550	0.653	0.650	0.594	0.53	0.52
AUSTRALIA	1.010	1.305	1.037	0.521	0.55	0.61
IMPORTS						
WORLD TOTAL	9.784	9.790	8.720	7.602	7.37	7.68
CHINA	5.342	4.426	3.075	1.804	1.08	1.02
VIETNAM	0.379	0.517	0.691	0.941	1.10	1.36
BANGLADESH	0.680	0.631	0.967	0.964	1.08	1.13
INDONESIA	0.540	0.686	0.651	0.728	0.78	0.77
TURKEY	0.519	0.803	0.924	0.800	0.76	0.90
TRADE IMBALANCE 1/	-0.041	-0.194	-0.272	-0.102	0.00	0.00
STOCKS ADJUSTMENT 2/	0.018	0.001	0.000	0.000	0.00	0.00
ENDING STOCKS						
WORLD TOTAL	15.349	18.316	20.445	22.160	20.54	19.48
CHINA	6.181	9.607	12.088	12.888	12.02	10.85
USA	0.729	0.903	0.651	0.980	0.82	0.93
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA 3/	65	57	51	55	50	50
CHINA 4/	72	116	161	172	169	161
COTLOOK A INDEX 5/	100	88	91	71	0	

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.

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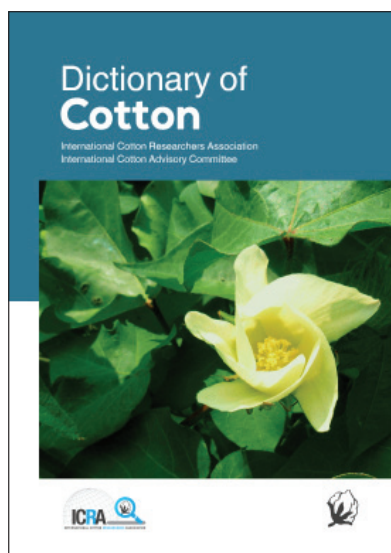
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