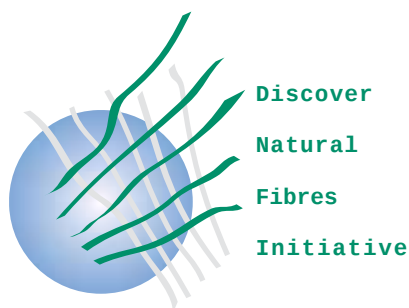




COTTON :

Review of the World Situation

International
Cotton
Advisory
Committee

Volume 66 - Number 6
July-August 2013

Table of Contents

SUMMARY OF THE OUTLOOK FOR COTTON.....	3
Fourth Season of Surplus.....	3
COTTON PRICE TRENDS IN 2012/13.....	4
International Cotton Prices Decrease, Lower Price Volatility.....	4
Trend in Domestic Cotton Prices	5
Price Forecasts for 2013/14.....	5
REVIEW OF 2012/13	6
Summary	6
Introduction.....	6
Stockpiling of the National Cotton Reserve in China.....	8
Modest Increase in Cotton Mill Use in the Rest of East Asia.....	9
Lower Production but Record Consumption in South Asia.....	10
Revived Cotton Exports in Central Asia	12
Middle East: Cotton Production and Consumption Fall in Tandem.....	13
Africa: Strong Cotton Production Rebound Continued	13
Europe: Decline in Cotton Production and Mill Use.....	16
Cotton Production Rebound in North America.....	17
Cotton Production Decline in the Southern Hemisphere	18
DEVELOPMENTS IN U.S. COTTON FARM LEGISLATION.....	20

Tables

Supply and Distribution of Cotton 2008-2014	2
2011/12 Supply and Use of Cotton by Country.....	22
2012/13 Supply and Use of Cotton by Country.....	24
2013/14 Supply and Use of Cotton by Country.....	26



SUPPLY AND DISTRIBUTION OF COTTON

August 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	9.580	15.27	18.22
CHINA	3.321	3.585	2.688	2.087	6.18	9.41
USA	2.188	1.380	0.642	0.566	0.73	0.85
PRODUCTION						
WORLD TOTAL	23.503	22.247	25.368	27.810	26.42	25.59
CHINA	8.025	6.925	6.400	7.400	7.30	7.28
INDIA	4.930	5.185	5.865	6.345	5.98	6.21
USA	2.790	2.654	3.942	3.391	3.77	2.94
PAKISTAN	1.926	2.070	1.907	2.294	2.09	2.09
BRAZIL	1.214	1.194	1.960	1.877	1.26	1.42
UZBEKISTAN	1.000	0.850	0.910	0.880	1.00	1.00
OTHERS	3.617	3.369	4.385	5.623	5.01	4.64
CONSUMPTION						
WORLD TOTAL	23.862	25.520	24.502	22.100	23.47	24.00
CHINA	9.265	10.192	9.580	8.635	8.29	8.04
INDIA	3.872	4.300	4.509	3.700	4.73	5.20
PAKISTAN	2.519	2.393	2.100	2.163	2.44	2.49
EAST ASIA & AUSTRALIA	1.714	1.892	1.796	1.646	1.86	1.92
EUROPE & TURKEY	1.458	1.600	1.549	1.495	1.51	1.55
BRAZIL	1.000	1.024	0.958	0.888	0.90	0.92
USA	0.771	0.773	0.849	0.718	0.75	0.76
CIS	0.596	0.604	0.577	0.550	0.58	0.60
OTHERS	2.666	2.743	2.583	2.305	2.42	2.51
EXPORTS						
WORLD TOTAL	6.609	7.798	7.636	9.834	9.74	8.97
USA	2.887	2.621	3.130	2.526	2.90	2.39
INDIA	0.515	1.420	1.085	2.159	1.53	1.47
BRAZIL	0.596	0.433	0.435	1.043	0.94	0.79
AUSTRALIA	0.261	0.460	0.545	1.010	1.10	1.00
CFA ZONE	0.469	0.560	0.476	0.592	0.77	0.95
UZBEKISTAN	0.650	0.820	0.600	0.550	0.65	0.65
IMPORTS						
WORLD TOTAL	6.647	7.928	7.725	9.802	9.74	8.97
CHINA	1.523	2.374	2.609	5.342	4.24	3.23
EAST ASIA & AUSTRALIA	1.714	1.989	1.825	1.999	2.21	2.19
EUROPE & TURKEY	0.862	1.170	0.972	0.725	1.01	1.08
PAKISTAN	0.417	0.342	0.314	0.191	0.46	0.49
CIS	0.231	0.209	0.132	0.098	0.09	0.08
TRADE IMBALANCE 1/	0.038	0.130	0.089	-0.032	0.00	0.00
STOCKS ADJUSTMENT 2/	0.007	-0.122	-0.051	0.013	0.00	0.00
ENDING STOCKS						
WORLD TOTAL	11.942	8.676	9.580	15.270	18.22	19.81
CHINA	3.585	2.688	2.087	6.181	9.41	11.87
USA	1.380	0.642	0.566	0.729	0.85	0.64
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA 3/	57	39	50	67	58	50
CHINA 4/	39	26	22	72	113	148
COTLOOK A INDEX 5/	61.20	77.54	164.26	100.01	88.00	

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.

SUMMARY OF THE OUTLOOK FOR COTTON

Fourth Season of Surplus

The world cotton industry is entering what is expected to be the fourth consecutive season in which production will exceed consumption. 2013/14 world production is forecast at 25.6 million tons, while consumption is forecast at 24 million tons. World trade is forecast at 9 million tons, and world ending stocks are forecast at a record 19.8 million tons, or an eye-popping 83% of projected mill use. World production will have exceeded consumption by a cumulative 11 million tons between 2010/11 and the end of 2013/14, resulting in a doubling of world ending stocks in four seasons.

Since March 2011, the Government of China has purchased both domestic and imported cotton for its national reserve, estimated at 7.8 million tons as of the end of 2012/13. Total ending stocks in China for 2012/13 are estimated at 9.4 million tons, indicating that stocks held in the private sector were 1.6 million tons. Consumption in China in 2012/13 is estimated at 8.3 million tons, meaning that total stocks cover more than one year of use, but that stocks held in the private sector are equivalent to a little more than two months of use, enough to get the industry through August and September when cotton from the 2013/14 harvest will start becoming available.

The Government of China announced in April 2013 that in 2013/14 it will continue the program of purchasing cotton from farmers for the national reserve at 20,400 yuan per ton, a price equivalent to \$1.50 per pound, of lint for another season. The national reserve in China is expected to rise to approximately 15 million tons by March 2014, and then auctions will reduce the reserve to about 12 million tons one year from now. Accordingly, of the estimated world ending stocks of about 20 million tons expected in 2013/14, only 8 million will be available for commercial use, and only 6 million will be held

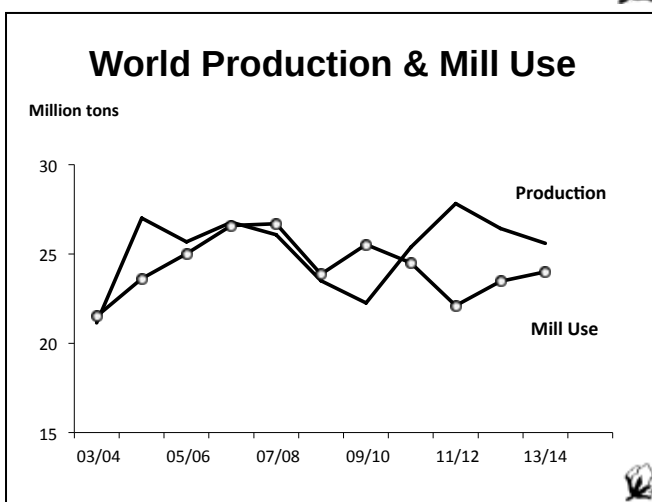
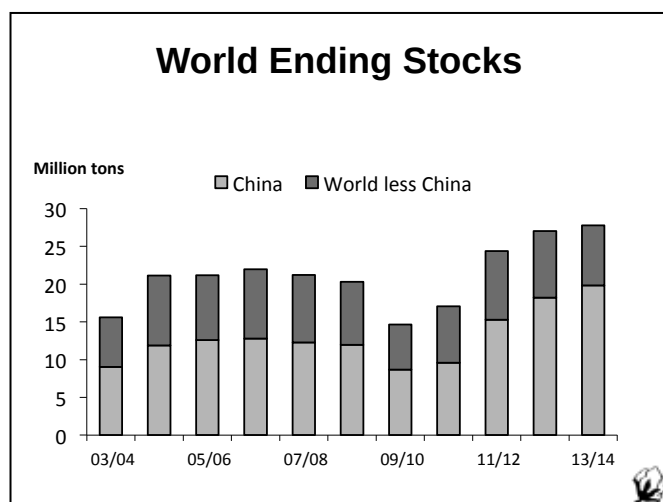
outside China. Based on an expected tightening of stocks outside China relative to use outside China, a rise in the season average Cotlook A Index from 88 cents per pound in 2012/13 to more than one dollar in 2013/14 is forecast.

Production in China in 2013/14 is forecast unchanged from last season, while production in India may rise a few hundred thousand tons because of a good monsoon and expected good yields. Production in the United States is falling because of dry weather in some states and high prices of maize and soybeans. Pakistan, Brazil, Uzbekistan and most other countries are expected to produce about as much cotton in 2013/14 as they did in 2012/13.

World mill use reached nearly 27 million tons in 2007/08 but is estimated at just 24 million in 2013/14. As of August 2013, polyester prices in China remain more than 20 cents per pound below the Cotlook A Index, undermining cotton's competitiveness in fiber markets. Unsurprisingly, the largest decline in mill use has been in China itself, nearly 3 million tons, since 2007/08. Mill use in the rest of the world is expected to exceed its 2007/08 level of 15.8 million tons during 2013/14.

The direction of the world cotton industry over the next few years will be determined by policy decisions by the Government of China. Clearly, the current pattern of accumulating stocks cannot continue forever. When China stops purchasing for the reserve, cotton prices will fall. If China liquidates the reserve slowly, prices will remain lower for many years. If China liquidates the reserve rapidly, prices will fall rapidly. No one in the industry is sleeping easily these days.

Correction: It has come to the attention of the Secretariat that a statement in the July issue of Cotton This Month regarding a direct subsidy paid to cotton farmers by the Hebei provincial government is incorrect.



COTTON PRICE TRENDS IN 2012/13

By Caterina Au, ICAC

International Cotton Prices Decrease, Lower Price Volatility

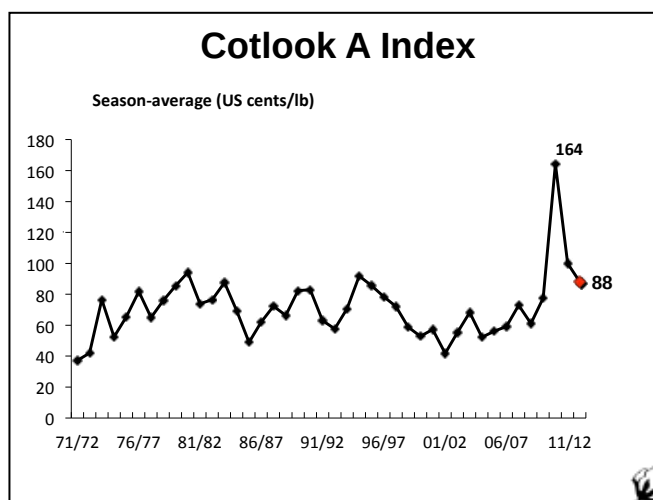
International cotton prices declined moderately in 2012/13. The Cotlook A Index (from now on referred to as the “A Index”) averaged 88 cents per pound, 12% lower than in 2011/12. The 2012/13 monthly average was lower than the 2011/12 monthly average for the first three quarters of the season, but remained relatively stable throughout.

For three consecutive seasons, world cotton production has exceeded consumption. The 2012/13 season began with a record stock of 15 million tons of cotton. The Cotlook A Index continued the downward trend of the previous season and entered the season at 81.65 cents per pound on August 1, 2012, touched the bottom of 79.40 cents per pound on November 11, 2012 and the peak of 98.85 cents per pound on March 18, 2013, and was 11 cents per pound higher at the end of the season, compared to the beginning of the season. Unlike the extreme volatility observed in 2010/11, the volatility of prices in 2012/13 was common to the volatility in prices seen since the 1970s. Basically the A Index hovered between 80 cents to 85 cents per pound for the first half of the season, and remained above the 90 cents mark for the second half of the season with a brief drop below the mark at the end of May. The surge in cotton prices in the third quarter was due to concerns about a tightening supply-demand balance outside of China as the Chinese reserve exceeded 10 million tons of cotton.

The trend in international cotton prices during 2012/13 was driven by two forces: first, strong downward pressure from increasing global stocks and weak demand; and second, increasing market uncertainty fueled by the Chinese cotton reserve policy. In 2012/13, world production, estimated at 26.4 million tons, was down 5% from the record 27.8 million tons in 2011/12 and 2.6 million tons above expected consumption. The estimated record 75% stocks-to-use ratio is not indicative of the supply available to the market because 2012/13 global ending stocks were approximately split between China and the rest of the world at a ratio of 45:55, which translates to a stocks-to-use ratio of above 100% for China and 34% for the rest of the world. Nonetheless, the substantial Chinese reserve has thus contributed to the stability of cotton prices in 2012/13.

Trend in Domestic Cotton Prices

At the beginning of 2012/13, a record 15 million tons of global stocks put downward pressure not only on international

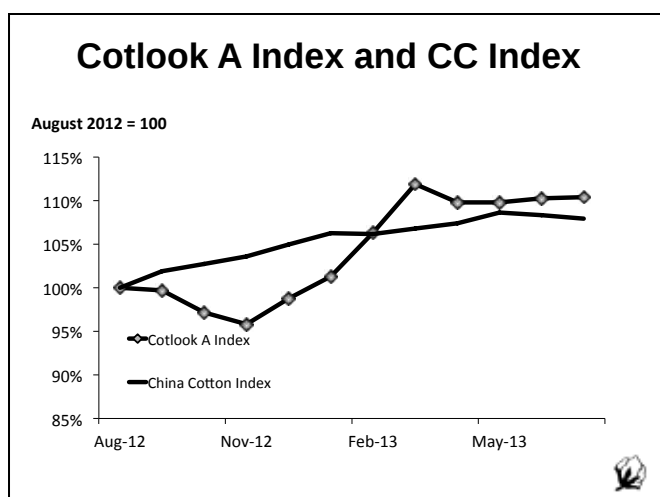


but also domestic cotton prices. Domestic cotton price trends generally mimic international cotton price trends unless a trading country is insulated from the rest of the world due to government intervention. Intervention measures include import or export restrictions, domestic price support, and systems with fixed farmers' prices as observed in China, India and countries in Francophone Africa. Unique cotton production and consumption patterns, such as Brazil, can also cause domestic cotton price deviations from the international trend. For example, in March 2013 cotton prices in Brazil continued an upward trend in the domestic market even as the A Index receded following touching a peak on March 18, 2013. Cotton demand in Brazil is for immediate consumption, thus domestic cotton prices moved with local mill use rather than with international prices.

In the United States, the U.S. spot price followed the movement of the A Index closely between August 2012 and June 2013, fluctuated around 70 cents per pound for the first five months, before rising to a monthly average of 82.80 cents per pound in March, and has remained at the 80 cents level since. Price data for other countries such as Australia, also showed similar price movements during this period.

In 2012/13, the rise in cotton prices in China was slow and gradual as a result of heavy government purchases of cotton for the national reserve which totaled 6.5 million tons between September 2012 and March 2013. The objective of these acquisitions was to keep internal prices around or above the support price. The support price was increased 3% from 19,800 yuan per ton in 2011 to 20,400 yuan per ton in 2012. The China Cotton Index¹ (CC Index) rose by 3% from 18,329 yuan per ton (US 139 cents per pound) on August 1, 2012

1) The China Cotton Index represents the price level of Type 328, delivered to mills, on the day preceding the date of publication. The CC Index includes the value added tax of 13% and the local transportation cost (delivered mill price). A detailed definition is available at http://www.cottonchina.org/english/cc_intro.htm.



to 19,241 yuan per ton (US 141.45 cents per pound) on July 25, 2013. Overall, the CC Index gained only 5% in domestic currency between early August 2012 and late July 2013, compared to 14% increase in the A Index. After adjusting for the exchange rate, the CC Index gained 8% in US currency. The price difference between the CC Index and the Cotlook A Index fluctuated between 41 cents per pound and 56 cents per pound during 2012/13.

Farmer's seedcotton prices in the cotton producing countries of Francophone Africa are fixed at the beginning of the season by the cotton companies and the organization representing farmers, for example Union nationale des producteurs de coton du Burkina (UNPCB) in Burkina Faso. At the end of the

season, depending on the prices actually received by cotton companies and the trend in international prices, farmers sometimes obtain a premium over the initial price. The non-weighted average seedcotton price paid to farmers across Francophone Africa was around 225 CFA francs per kg in 2012/13², including bonuses in Burkina Faso and Cameroon. This was 6% lower than in 2011/12. The average of prices in Cote d'Ivoire and Mali remain unchanged while Burkina Faso and Senegal both lose 10% for the 2012/13 season.

Price Forecasts for 2013/14

Assuming that the ratio of ending stocks to mill use outside of China will continue to fall for the second season in 2013/14 (from 68% in 2011/12 to 58% in 2012/13 to 50% in 2013/14), and that Chinese imports as a share of world trade will fall from 43% in 2012/13 to 36% in 2013/14, the ICAC Price Model forecasts a season-average A Index in the range of \$0.89 to US\$1.31 per pound, with a midpoint at US\$1.08 (base scenario).

The Secretariat published international cotton price forecasts under several alternative scenarios in the June 2013 issue of *Cotton: Review of the World Situation*. Table 1 provides an update of the price projections under four different scenarios that account, alternatively for a fast release of the Chinese reserve, a slow release of the Chinese reserve, and a slowdown in cotton demand. Regardless of which course the Chinese government will follow in releasing cotton stocks to the market, China's minimum price policy will continue to have a significant impact on international cotton prices in the coming seasons.



Table 1. 2013/14 Price Forecasts Under Alternative Scenarios

Scenario	Changes with respect to Base Scenario		Season-Average A Index (cents/lb)		
	In China	Outside China	Lower Bound	Midpoint	Upper Bound
1	Imports down 3 million tons; consumption up 3.4 million tons; ending stocks down 6.4 million tons.	Exports down 3 million tons; consumption up 1 million tons; ending stocks up 2 million tons.	70	85	103
2	Imports down 3 million tons; consumption up 2.4 million tons; exports up 1 million tons; ending stocks down 6.4 million tons.	Imports up 1 million tons; exports down 3 million tons; consumption up 1 million tons; ending stocks up 3 million tons.	61	74	89
3	Imports and ending stocks down 1 million tons.	Exports down 1 million tons; ending stocks up 1 million tons.	78	95	114
4	Imports up 1 million tons; consumption down 750,000 tons; ending stocks up 1.75 million tons.	Exports up 1 million tons; ending stocks down 1 million tons.	110	134	162

2) Non-weighted average calculated based on guaranteed procurement price data from Benin, Burkina Faso, Cote d'Ivoire, Mali, and Senegal.

REVIEW OF 2012/13

By Caterina Au, ICAC and Yao Adingra, University Paris, Panthéon-Sorbonne, France

Summary

The 2012/13 season began with global cotton stocks estimated at a record 15.3 million tons, up 58% from 2011/12. The season-average Cotlook A Index dropped 12% to 88 cents per pound in 2012/13, continuing a fall from a record of \$1.64 per pound in 2010/11 and \$1.00 per pound in 2011/12. The decline in price drove cotton farmers to switch to more profitable alternative crops. Consequently, cotton plantings decreased 6% to 34 million hectares, and production fell 5% to 26.4 million tons in 2012/13, while the average yield remained stable at 776 kg/ha. On the other hand, demand for cotton by spinners rebounded after two consecutive seasons of decline. World cotton consumption was estimated up by 6% to 23.5 million tons, nonetheless the second smallest in nine years. Despite the decrease in production and increase in consumption, global cotton stocks jumped by 19% to 18.2 million tons and surpassed the 2011/12 record. The global stocks-to-use ratio rose from 69% in 2011/12 to 78%, the highest level since World War II. World cotton trade rose 1% to 9.7 million tons as Chinese imports fell 21% from 5.3 million tons in 2011/12 to 4.2 million tons in 2012/13, while shipments to the rest of the world increased 23% to 5.5 million tons.

Introduction

World cotton production fell 5% to 26.4 million tons in 2012/13 after reaching a record of 27.8 million tons in 2011/12, slightly above the previous record set in 2004/05. The decrease in production was driven by reduced plantings, in reaction to lower prices received by cotton farmers. World cotton area shrank by 6% to 34 million hectares in 2012/13.

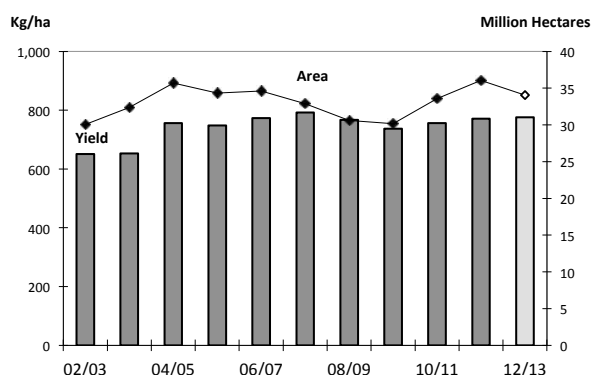
The average yield remained stable at 776 kg/ha in 2012/13. Cotton yields increased in three of the five largest producing

countries, **Brazil**, China and the **United States** by 6%, 10%, and 12% respectively, while yields declined 2% in **India** and 12% in **Pakistan**.

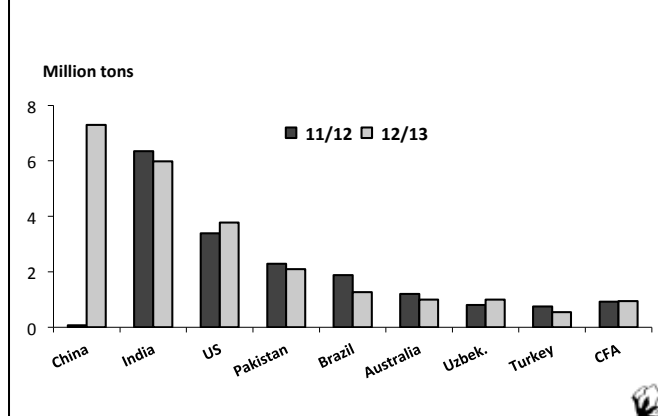
The global production decrease in 2012/13 was driven mainly by Brazil, where the crop dropped to 1.3 million tons, one-third less than the previous year. **Turkey** also experienced a significant decrease in production to 550,000 tons, 27% less than in the previous year. Production in **India** and **Australia** dropped 360,000 tons and 200,000 tons respectively after record crops of 6.3 million tons and 1.2 million tons in 2011/12. In contrast, U.S. production rose by 11% to 3.4 million tons, despite a 1% reduction in plantings. Production in Francophone Africa continued to increase to 923,000 tons in 2012/13, up 29% from 2011/12.

World cotton consumption strengthened in 2012/13, increasing by 6% to 23.5 million tons; nonetheless this was still the second lowest consumption level since 2003/04.

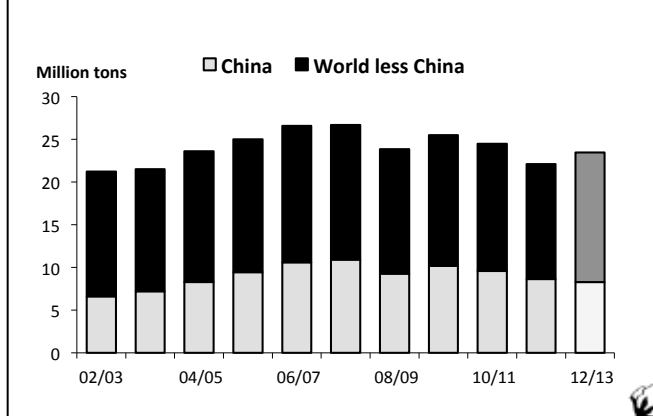
World Cotton Area and Yields



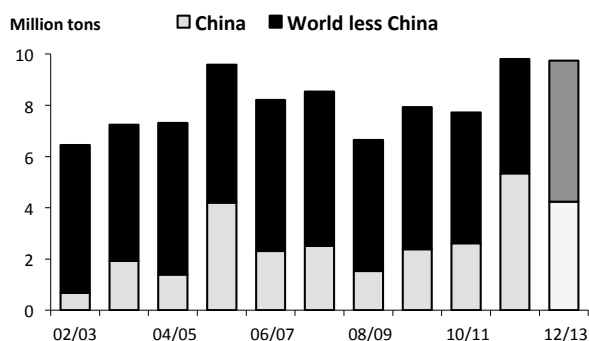
Cotton Production



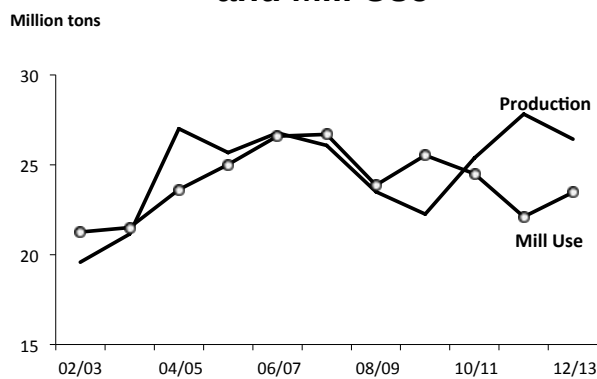
Cotton Mill Use



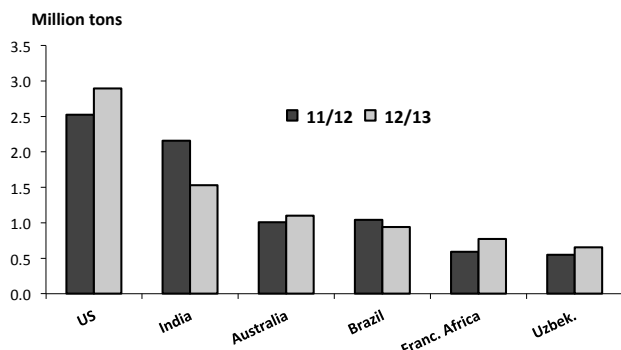
World Cotton Imports



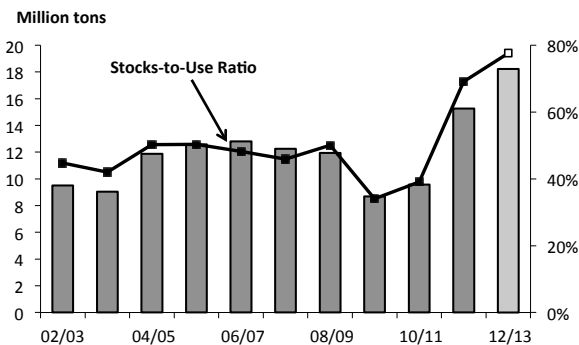
World Cotton Production and Mill Use



Cotton Exports



World Cotton Ending Stocks



Relatively more competitive cotton prices (vs. polyester) than in the previous 2 seasons, combined with 3% global economic growth, significantly stimulated the activity of cotton spinning mills in many countries, notably **India**, **Pakistan** and **Bangladesh** where consumption in 2012/13 increased by 1 million tons, 280,000 tons, and 100,000 tons, respectively. On the other hand, cotton mill use was estimated lower in China, Mexico, and **Russia** by 345,000 tons, 45,000 tons, and 15,000 tons respectively. In 2012 the share of cotton in global textile fiber end-use continued to decline for the fourth consecutive year as spinners increasingly substituted away from cotton into lower-priced man-made fibers.

In 2012/13, the volume of cotton traded internationally slipped slightly by 1% to 9.7 million tons, however this was still the second largest volume of cotton trade in twenty years. The high trade volume was sustained by a total shipment of 4.2 million tons of cotton to China. Shipments to other countries (world less China) increase by 23% to 5.5 million tons, thereby regaining the lead from China. Exports from the **United States** rose 15% to 2.9 million tons, accounting for 30% of the world cotton exports in 2012/13. Exports from

India and **Brazil** dropped 30% and 10% respectively after reaching record levels of 2 million tons and 1 million tons in 2011/12.

In 2012/13, global cotton production exceeded consumption by 3 million tons. Following two consecutive seasons of surplus, global cotton stocks jumped 19% to 18.2 million tons, surpassing the previous record. Most of the gain in global stocks took place in China. At a record of 9.4 million tons in 2012/13, China more than tripled its cotton ending stocks while stocks in the rest of the world increased by only one-third in ten years.

The global stocks-to-use ratio jumped to a record 78% in 2012/13, the highest level since World War II. In China, the stocks-to-use ratio increased from 71% to 113%, the highest level since 1998/99 and the second highest in history. Outside China, the stocks-to-mill use ratio decreased from 39% in 2011/12 to 35% in 2012/13.

The season-average Cotlook A Index dropped 12% to \$0.88/lb in 2012/13. As a result of the decline in international cotton prices, the value of global cotton production fell from \$61 billion in 2011/12 to \$51 billion in 2012/13.

Stockpiling of the National Cotton Reserve in China

China is the world's largest producer, consumer, and importer, accounting for 28%, 35%, 43% of the world's production, consumption and imports respectively. Chinese cotton area declined from 6.3 million hectares in 2007/08 for three consecutive seasons to 5.2 million hectares in 2010/11 due to lower revenues received by farmers and the increased attractiveness of grains. The sharp increase in seedcotton prices in 2010/11 reversed the downward trend, and cotton plantings in China rose by 7% to 5.5 million hectares in 2011/12, but then dropped 10% to 5 million hectares in 2012/13. Despite the official announcement of unlimited reserve procurement in 2011/12 and 2012/13 at 19,800 RMB/ton (\$1.50/lb) and 20,400 RMB/ton (\$1.47/lb) respectively, production declined as grains became more profitable, rising production costs (labor in particular as farmworkers are migrating to cities searching for urban employment).

In 2012/13, weather was generally favorable in many cotton regions in China. The average yield increased by 10% to 1,467 kg/ha. But yields varied widely from region to region, Xinjiang reached a record high yield of 2,056 kg/ha. Production fell slightly from 7.4 million tons in 2011/12 to 7.3 million tons in 2012/13, the increase in production in the Xinjiang region as a result of increase planted area and yield partially, offset reductions in the eastern production regions.

A total of 6.6 million tons of cotton, or 90% of the 2012/13 Chinese cotton crop, were bought by the China National Cotton Reserve Corporation (CNCRC) between October 2012 and March 2013. Despite this support, the season-average CC Index fell by 130 RMB/ton to 19,070 RMB/ton in 2012/13.

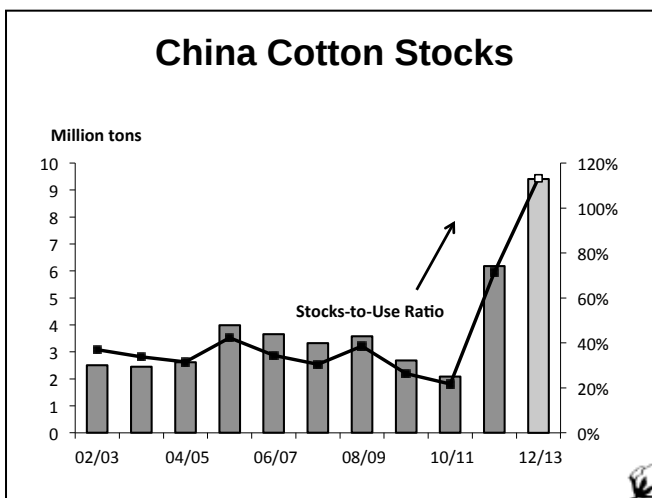
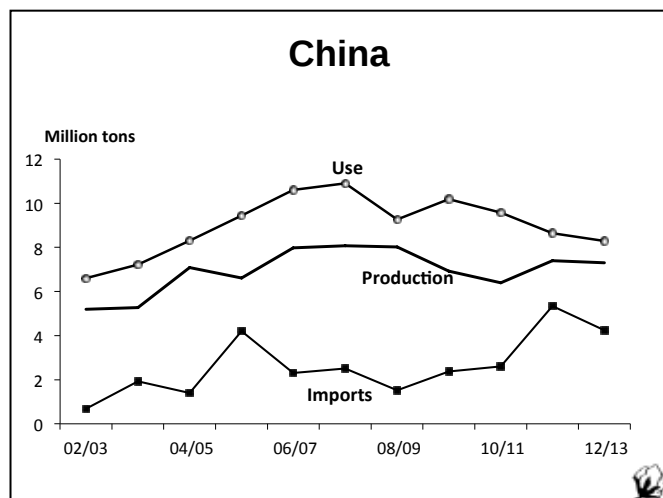
After cotton consumption in China exceeded 10 million tons in 2006/07, 2007/08, and 2009/10, cotton consumption in China has trended down. Several factors affect the competitiveness of its textile industry, including rising production costs (labor, energy and credit), labor shortages, currency appreciation, and the high price of domestic cotton. In 2012/13, the lackluster

economic situation in Europe and in the United States (the two major export destinations for China's textile products) and the continuing uncertainty of the government's domestic cotton policy and financial policy contributed to a reduction in cotton spinning activity in China. Unlike cotton lint, which is subjected to the annual 1% tariff-rate import quota (TRQ) of 894,000 tons, there is neither quota nor tax on imports of cotton yarn, and yarn imports have been on the rise. In the meantime, Chinese textile manufacturers are switching to polyester at a rapid pace, further undermining the competitiveness of cotton.

China imported 4.2 million tons of cotton in 2012/13. The gap between domestic and world cotton prices triggered a record import of 5.3 million tons of cotton in 2011/12 contributing to a record stock of 6.2 million tons of cotton at the end of 2011/12. The Chinese government continued to stockpile its national cotton reserve with domestic and imported cotton in 2012/13. At its peak (2013 January through March), stocks in the Chinese cotton reserve were estimated to exceed 10 million tons. The government reduced the reserve through auction sales, but only 3 million tons were sold between March and the end of July 2013, well below the target of 4.5 million tons.

The **United States** is the largest cotton exporter to China, and U.S. shipments increased from 50,000 tons in 2001/02 to 1.3 million tons in 2011/12 during which **India** overtook the U.S. exporting 1.94 million tons of cotton to China. Indian shipments dropped below 1 million ton in 2012/13 while the U.S. shipments were close to the previous season's level. Other major suppliers of Chinese cotton imports include **Australia**, **Brazil**, and **Uzbekistan**. For the past five seasons, African countries contributed, on average 10%, of total exports to China. The top three exporting countries were **Burkina Faso**, **Cameroon** and Benin.

Chinese cotton ending stocks were estimated at 9.4 million tons in 2012/13, up 52% from 2011/12, more than sufficient for one year of use. The stocks-to-use ratio in China jumped from 71% to 113%, while the stocks-to-use ratio for the rest of the world declined from 39% to 35%.



Modest Increase in Cotton Mill Use in the Rest of East Asia

East Asia (excluding China) accounts for 8% of world cotton mill use. Cotton consumption in the region has slowly decreased since the end of the 1980s, affected by competition from other Asian countries with lower yarn production costs. After a rebound in 2009/10, cotton consumption resumed its decline in 2010/11 and 2011/12. It was estimated at 1.6 million tons in 2011/12, down by 9% from 2010/11. Cotton consumption rose 12% to 1.8 million tons in 2012/13. Lower cotton prices stimulated the activity of spinning mills across the region. However, some countries fared better than others, including Vietnam and the **Republic of Korea**. East Asian countries produce very little cotton and therefore import most of their requirements. Cotton imports rose to 1.8 million tons in 2012/13. Cotton production in the region was stable at 13,000 tons.

Cotton mill use in Indonesia has slowly declined in the first decade of the 21st century, due to increased competition in both domestic and export markets. The advanced age of machinery and relatively high-energy costs continue to lower the competitiveness of Indonesia's textile industry. After a brief recovery in 2009/10, cotton consumption declined by 8% to 472,000 tons in 2010/11 and by 6% to 448,000 tons in 2011/12. In 2012/13, cotton consumption rose 10% to 493,000 tons. Cotton imports were projected at 558,000 tons in 2012/13, up 3% from the previous season. Many small spinners were hurt by the volatility of cotton prices in 2011, having committed to high-priced contracts just before yarn prices, then cotton prices, fell. Spinners increased significantly the share of man-made fibers in their blend in the past two seasons, and some had to reduce or stop their activity. Indonesia remains the fourth largest importer of cotton after China, Bangladesh and **Turkey**. Cotton production is minimal in Indonesia, about 6,000 tons.

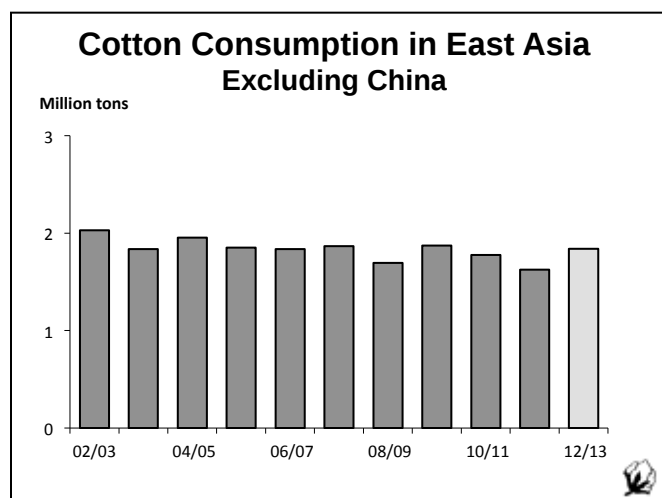
Thailand's cotton mill use had declined since its record of 460,000 tons in 2004/05, due to competition from other Asian

countries. After a brief recovery in 2009/10 and a slight decline in 2010/11, cotton consumption dropped by 30% in 2011/12, to 270,000 tons. This is the smallest level of cotton mill use in over two decades. Severe floods in the last quarter of 2011 forced many spinners to temporarily halt their activities. This, combined with the high cotton prices at that time, significantly affected cotton mill use. The situation improved in 2012/13, cotton consumption rose 33% to 360,000 tons. Nonetheless the textile industry continued facing labor shortages and higher wages. Thai spinners have increased the share of man-made fibers in their blends and some are moving their investments to other, more competitive Asian countries. Cotton production in Thailand remained minor in the last decade.

With the exception of a small drop in 2010/11, cotton consumption in Vietnam has been increasing steadily for the past twenty years from 18,000 tons in 1992/93 to 412,000 tons in 2012/13. Vietnam's accession to the WTO in 2006 encouraged investments in the domestic textile industry, which drove expansion in cotton mill use. A large portion of cotton yarn production is exported. Vietnam is now ranked among the world's Top 7 textile, garment, and apparel exporting countries. Cotton production in Vietnam remains small and was estimated at 5,000 tons in 2012/13. Vietnam imports most of the cotton it spins. Cotton imports increased 13% to 429,000 tons in 2012/13. Vietnam sourced more than 30% of its imports from the **United States**, followed by **India**, **Pakistan** and **Brazil**.

After almost two decades of continuous decline, cotton consumption in the **Republic of Korea** has stabilized since the mid-2000s. It even increased slightly over the past three seasons. Cotton consumption was estimated at 272,000 tons in 2012/13, up 10% from the previous season. The surviving spinning companies have invested, renovated and reduced costs, which is supporting the increase in cotton consumption. **Korea** has maintained strong knitting and weaving and garment manufacturing industries, and 90% of yarn production is sold domestically for eventual export. **Korea** imports all the cotton it spins. Its cotton imports in 2012/13 were estimated at 280,000 tons, up 10% from the previous season.

After a rebound in 2009/10, cotton mill use in **Taiwan** declined in the following two seasons, but it was estimated at 204,000 tons in 2012/13, up by 10% from the previous season. Like some other countries in the region, cotton consumption has gradually decreased since the mid to late 1980s. Taiwan does not produce any cotton and therefore imports all that it spins. Imports of cotton actually increased 17% to 220,000 tons in 2012/13. Since 2004, the number of spindles has shrunk from 4.5 million to 1.5 million in 2011. During the past decade, Taiwan gradually upgraded its spinning equipment and increased operating efficiency, while relocating older spindles to mills in other Asian countries to take advantage of lower production costs. Increasing emphasis is being placed on the production of value-added functional and eco-textiles. The textile industry of Taiwan is heavily export-oriented.



Since the late 1980s, when it reached a peak of 760,000 tons, cotton mill use in Japan has declined almost without interruption. In 2011/12 it was estimated at 63,000 tons, down by 22% from the previous season and the smallest since World War Two. Imports of cotton, after increasing in 2010/11 as mills rebuilt their stocks depleted in 2009, fell to 63,000 tons in 2012/13. The gradual long-term reduction in manufacturing of cotton products in Japan is due mainly to increased imports of finished products. While the Japanese economy has started recovering from the devastating earthquake and tsunami of March 2011, the textile industry is continuing to contract due to depressed retail consumption. The relocation of Japanese spinning capacity to Southeast Asia and South America, to take advantage of lower production costs, is continuing. About 1 million spindles were still operating in Japan in 2011. Japanese traders are not only supplying raw cotton to their overseas joint-venture textile mills, but have also expanded their activities to become true international traders, selling cotton to non-Japanese mills.

Cotton mill use in Hong Kong steadily declined from a high of 245,000 tons in the late 1980s to 20,000 tons in 2009/10. It continued to decline to 13,000 tons in 2010/11 but stabilized at 12,000 tons in 2011/12 and 2012/13. One of the two remaining cotton spinning mills stopped operating during 2009/10, leaving one cotton spinning mill still active. Imports were estimated at 70,000 tons in 2012/13, up by 75% from the previous season. However, most of these imports were re-exported, mainly to China.

Cotton mill use in the Philippines has declined almost every year since a peak of 77,000 tons in 1996/97 to an estimated 14,000 tons in 2007/08, but remained relatively stable in the following few years. In 2012/13, cotton mill use halved to 8,000 tons. The Philippines is highly dependent on the domestic market and suffers from competition from textile imports. Local cotton production has almost completely disappeared.

Lower Production but Record Consumption in South Asia

South Asia is the largest cotton producing region and the second largest consuming region after China. In 2012/13, it accounted for 32% of global cotton production and 35% of world cotton mill use. Most production and consumption take place in **India** and **Pakistan**, but Bangladesh also spins significant quantities of cotton. Cotton production and mill use in South Asia have increased regularly over the last several decades, most of the time balancing each other. Cotton production increased steeply in the last few years, in 2011/12 it reached a record of 8.9 million tons and retreated slightly to 8.3 million tons during 2012/13. In contrast, cotton mill use rose to 7.8 million tons in 2009/10 but declined in the following two seasons, affected by the global economic slowdown and volatile cotton prices. In 2012/13, it was up by 17% to a record of 8.8 million tons. Exports from South Asian

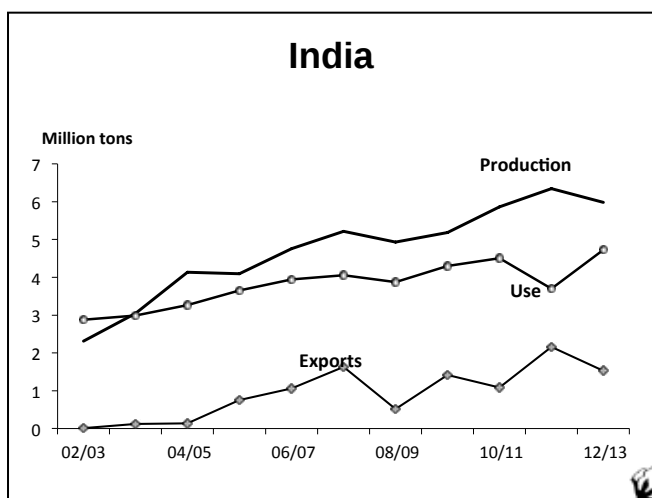
countries (mostly **India**), including intra-regional shipments, reached a record of 2.4 million tons in 2011/12, and down 48% to 1.6 million tons in 2012/13. In contrast, imports by South Asian countries (mostly Bangladesh and **Pakistan**) were up by 28% to 1.5 million tons.

Record Consumption in India

India is the second largest cotton producing country after China, accounting for 23% of global production and holds the largest share (34%) of global cotton area. In 2011/12, **India** produced a record of 6.3 million tons, but dropped 6% to 6 million tons in 2012/13. The very high seedcotton prices received by farmers in 2010/11 encouraged them to expand cotton area by 9% to a record of 12.2 million hectares. Most of this increase took place in the central and the northern regions. In 2012/13, cotton area dropped 3% to 11.8 million hectares. Despite overall good weather, the average cotton yield declined by 2% to 509 kg/ha, possibly because of the lack of quality seeds, the expansion of cotton area in less productive lands, the entry of less experienced farmers into cotton production, and hot/dry weather in Central and Southern Zones. The yield has been trending down after reaching a record of 554 kg/ha in 2007/08.

India is the second largest industrial consumer of cotton behind China. After reaching a record of 4.5 million tons in 2010/11, cotton mill use declined to 3.7 million tons in 2011/12 and rebounded to a record 4.7 million tons in 2012/13 as a result of strong demand for yarn from China and Bangladesh.

India has become a significant net exporter of cotton since 2005/06 due to considerable increases in cotton production. However, cotton exports have fluctuated significantly in the last few years, depending on government export policies. After falling by 24% to 1.1 million tons in 2010/11 due to an export cap, cotton shipments jumped to a record of 2.2 million tons in 2011/12, then down 29% to 1.5 million tons in 2012/13. **India's** large beginning stocks, large crop and substantial mill use (but smaller than production), combined with high demand from China, all played a role in the record exports



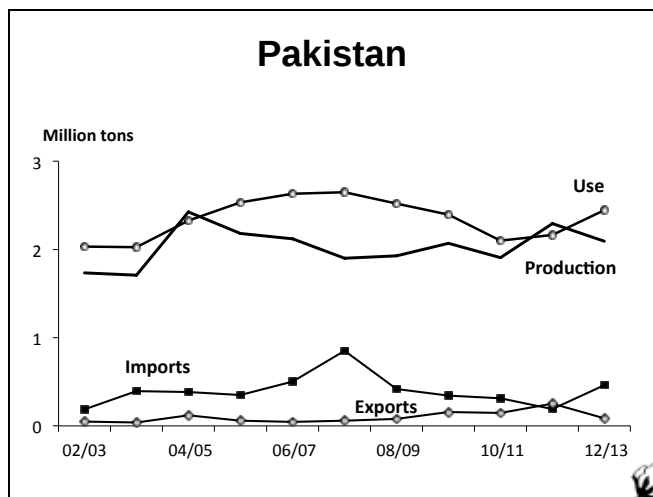
by India in the past two seasons. Cotton exports were briefly banned by the government starting in March 5, 2012, but this decision was reversed by the end of April 2012. Instead, the Cotton Corporation of India was directed to procure several hundred thousand tons of cotton to create a strategic reserve for their domestic mills and release the stocks by auctioning. India was the second largest exporter in 2011/12. Its share of global exports jumped from 14% in 2010/11 to a record of 22% in 2011/12, then exports slid to 16% in 2012/13. India's imports were projected at around 250,000 tons of cotton in 2012/13, up by 36% from the previous season. Imports are comprised almost entirely of qualities not available in India.

Imports Up and Exports Down in Pakistan

Local seedcotton prices in **Pakistan** reached record levels during 2010/11, encouraging further expansion in cotton plantings in 2011/12. Harvested area was stable at 2.8 million hectares in 2010/11 and 2011/12, and rose 4% to 2.9 million hectares in 2012/13. The average yield decreased by 12% to 722 kg/ha due to infestation of Cotton Leaf Curl Virus (CLCV) and wet weather during crop maturity. Cotton production dropped 9% to 2.1 million tons.

Pakistan is the third largest industrial consumer of cotton after China and **India**, accounting for 10% of global cotton mill use in 2012/13. **Pakistan** has been one of the largest exporters of cotton yarn since 1988, in particular to China. Cotton mill use reached a record of 2.6 million tons in 2007/08, but has since contracted. In recent years, the Pakistani textile industry was affected by increasing costs of production (in particular costs of labor and energy and high interest rates), and reduced spinning margins. The first half of 2011/12 was marked by low demand for cotton yarn, both in the domestic and export markets. Many small spinning mills had to close, temporarily or completely, after buying cotton at high prices in the first half of 2011 and facing financial difficulties. Many spinning mills switched to man-made fiber. The situation improved in the second half of the season. Access to a large domestic cotton crop at prices lower than prices of imported cotton, an improvement in demand for yarn (in particular from China) and a reduction in stocks of cotton yarn contributed to this slight recovery, despite frequent power cuts. Cotton mill use in **Pakistan** was almost stable at 2.2 million tons in 2011/12 and jumped to 2.4 million tons in 2012/13.

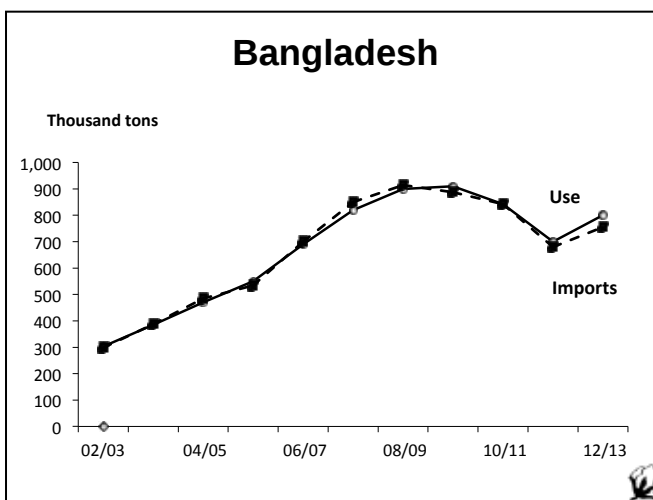
Pakistan was a significant net importer of cotton between 2001/02 and 2010/11, as it needed extra cotton lint to make up for the gap between domestic production and consumption. Cotton imports by **Pakistan** reached a record of 850,000 tons in 2007/08, when consumption reached its peak. Imports have since sharply decreased as consumption contracted. Imports were estimated at 191,000 tons in 2011/12, down by 43% from 2010/11, and reversed to a 143% increase to 463,000 in 2012/13. In contrast, cotton exports from **Pakistan** rose over the last few years due to an increasing exportable surplus. Exports increased by 76% to 253,000 tons in 2011/12, and dropped 66% to 87,000 tons in 2012/13. **Pakistan** has been a net exporter of cotton since 2011/12.



Everything is on the Rise in Bangladesh

Bangladesh was the sixth largest cotton consumer in 2012/13. Cotton mill use fell by 17% to 700,000 tons in 2011/12. Large stocks of cotton bought at high prices, large stocks of yarn made from the same high-priced cotton, competition from lower-priced cotton yarn imports from India and China, energy shortages, high interest rates, difficulty to obtain credit to buy imported cotton, and challenges in meeting contractual obligations entered when cotton prices were high, forced many mills to reduce their activity or stop during the second half of 2011. One additional negative factor was the change in the EU's rule of origin: from January 2011, Bangladesh's textile manufacturers have been exempted from EU import duties even if they use imported (instead of locally made) yarn and fabric. With lower volatility of yarn prices in the first half of 2012, and smaller stocks of cotton and yarn, the situation of spinners improved somewhat. In 2012/13, cotton mill use jumped 14% to 800,000 tons. Strong mill use in turn stimulated imports, which increased 11% to 755,000 tons.

Bangladesh was the second largest importer of cotton in 2012/13, with an estimated 755,000 tons, up 11% from the previous season, accounting for 8% of global imports. Cotton



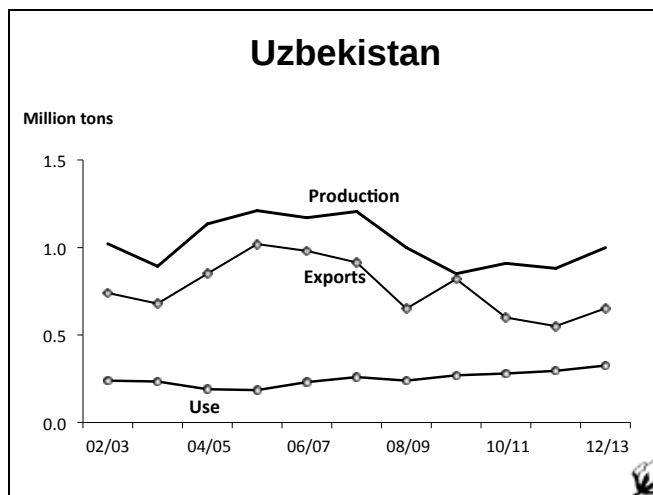
production in Bangladesh remains small relative to its mill use, but it increased over the last few years with support from the Cotton Development Board. In 2012/13, cotton area expanded 10% to 40,000 hectares. As a result, the size of the cotton crop was estimated at a record 23,000 tons, a 24% increase from the previous season.

Revived Cotton Exports in Central Asia

Cotton production in Central Asia has been trending down for several years as competition with food crops intensifies. After a partial recovery in 2010/11, production resumed a slight decline in 2011/12, down 2% to 1.4 million tons, followed by a 7% increase to 1.6 million tons in 2012/13. Cotton area had remained stable at 2.3 million hectares since 2009/10 and contracted to 2.2 million hectares in 2012/13. The average yield jumped 11% to 716 kg/ha. Cotton mill use increased 9% to 495,000 tons. Cotton exports from the region rose 17% to 1 million tons.

Uzbekistan is the sixth largest cotton producing country accounting for 4% of global cotton production. All aspects of production are managed by the government of **Uzbekistan**. Cotton output in Uzbekistan jumped 14% to 1 million tons in 2012/13. Cotton area was down by 310,000 hectares to 1.29 million hectares. The average yield increased by 16% to 778 kg/ha, due to favorable weather throughout the growing season. Extra-fine cotton production remained stable at 2,000 tons. Cotton mill use was estimated to increase 10% to 325,000 tons. **Uzbekistan's** exports were estimated up by 19% to 653,000 tons. Stocks of cotton at the end of July 2013 were likely approaching 360,000 tons, up 7% from the previous season.

Turkmenistan's cotton production has been on an overall upward trend since the early 2000s. Output increased sharply in 2009/10 and 2010/11 to 380,000 tons, the highest level since the early 1990s. Greater government support to agricultural production contributed to these larger cotton crops. However, production fell back to 335,000 tons in 2012/13. Cotton area

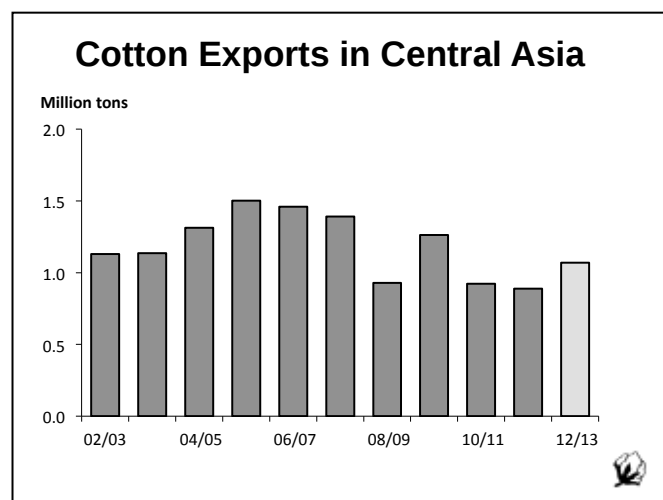


remained stable at 550,000 hectares in 2010/11 and 2011/12, and contracted slightly to 525,000 hectares in 2012/13. But the average yield rose 6% to 638 kg/ha. Extra-fine production was estimated at 18,000 tons, the same level as in the previous season. Exports were estimated at 198,000 tons, up by 68% from the previous season. Cotton mill use in Turkmenistan was estimated at 138,000 tons, up by 10% from 2011/12. Stocks of cotton at the end of July 2013 were estimated at almost 287,000 tons, the same as 2011/12 and the highest since they were first recorded in the early 1990s.

After decreasing sharply and continuously in the second half of the 2000s, cotton production in Tajikistan has partially recovered since 2010/11. Production increased from a low of 82,000 tons in 2009/10 to 90,000 tons in 2010/11, then rebounded to 120,000 tons in 2011/12, followed by a 10% decline to 108,000 tons in 2012/13. Cotton plantings were down 2% to 196,000 hectares. The average yield declined 8% to 550 kg/ha after a record 597 kg/ha in the previous season. Production of extra-fine cotton was expected to make a strong recovery but in fact it dropped below 500 tons in 2012/13. Mill consumption of cotton was estimated stable at 7,000 tons, while exports were projected slightly down to 105,000 tons.

Kazakhstan's cotton output declined continuously between 2004/05 and 2010/11, to 60,000 tons, the smallest in over a decade. However, production rebounded to 80,000 tons in 2011/12 and further to 90,000 tons in 2012/13. Cotton area decreased by 5% to 133,000 hectares, but the average yield jumped 18% to 677 kg/ha. Cotton consumption was stable at 15,000 tons while exports were estimated up 20% to 74,000 tons.

After declining significantly for four seasons, cotton production in Azerbaijan has partially recovered since 2009/10. Production increased from a low of 11,000 tons in 2009/10 to 13,000 tons in 2010/11 and then jumped to 24,000 tons in 2011/12. In 2012/13, Planted area contracted 31% to 33,000 hectares. As a result cotton production fell 23% to 19,000 tons despite an increase in the average yield of 12% to 562 kg/ha. Consumption was estimated at 10,000 tons, the

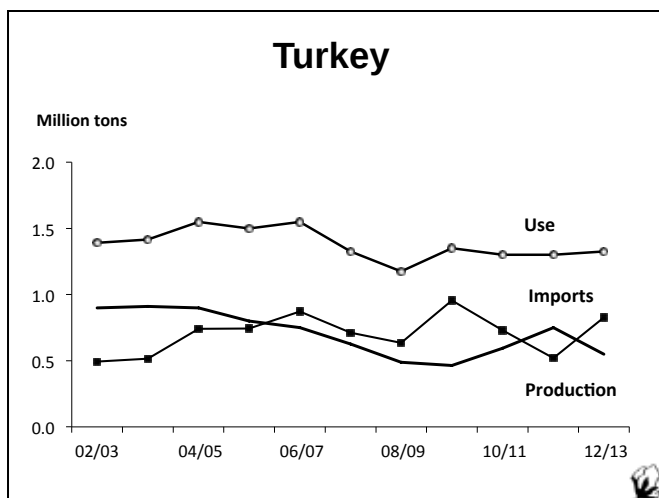


same level as in the previous season. Exports were estimated at 11,000 tons double the level of 2011/12.

Turkey: Lower Production, Significantly higher Imports

The high seedcotton prices received by Turkish farmers in 2010/11 encouraged them to continue expanding cotton plantings in 2011. Sowings were completed later than usual due to low temperatures and rains, but weather during the growing season was favorable. As a result, production was estimated at 750,000 tons, up by 67% from the previous season and the largest production in five years. Unfortunately, this recent recovery halted in 2012/13. Domestic cotton prices follow international cotton prices. Lower cotton prices and rising input costs had persuaded some farmers to plant alternative crops. In 2012/13, cotton area dropped 8% to 496,000 hectares; compounded with a 20% drop in average yield, cotton production dropped 27% to 550,000 tons.

Cotton mill use in **Turkey** increased 2% to 1.325 million tons in 2012/13. As Asian competitors (Bangladesh, **India** and **Pakistan**) increasingly switched to the Chinese market, Turkish spinners became the dominant players in the European market. Turkey's imports increased 59% to 827,000 tons to fill the production gap. **Turkey** was the third largest importer of cotton in 2012/13, after China and Bangladesh, accounting for 8% of the world imports.



Middle East: Cotton Production and Consumption Fall in Tandem

Cotton production in the Middle East rebounded by 24% to 302,000 tons in 2011/12, after three consecutive seasons of decline. But, the upward momentum was not carried over to 2012/13. In 2012/13, cotton production in the Middle East dropped 10% to 274,000 tons, and cotton mill use continued its decline to 285,000 tons.

In 2011/12, cotton production in Syria increased to 212,000 tons and cotton mill use fell by almost 40% to 135,000 tons.

Because of the political turmoil in 2012/13, no information on cotton production and consumption is available. Only small quantities of cotton (mostly organic) were exported during the season, as banking sanctions make it nearly impossible to trade with Syria.

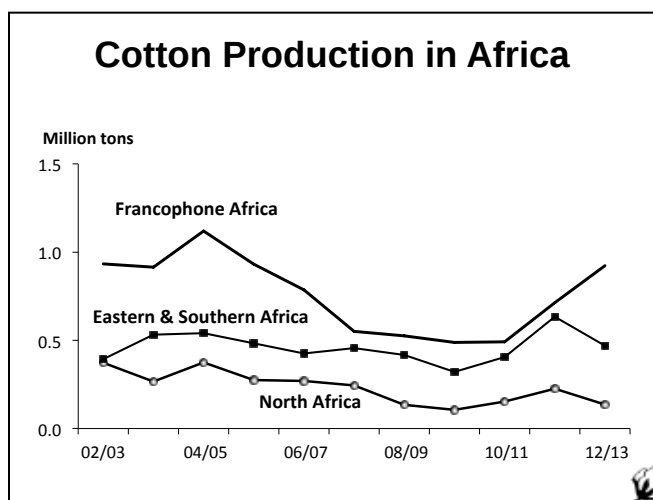
After several years of moderate decline, cotton production in **Iran** fell 25% to 59,000 tons in 2011/12, and another 5% to 53,000 tons in 2012/13. Cotton mill use remained stable at 130,000 tons for both seasons, while imports were up 11% to 74,000 tons.

Production in Israel more than doubled to 17,000 tons in 2011/12, the largest crop in four seasons, then followed a 10% drop to 15,000 tons in 2012/13. Relatively low extra-fine cotton prices spurred some farmers to plant more profitable alternative crops. As a result, cotton area contracted 2% to 8,000 hectares. Similarly to previous years, almost all the area was planted to extra-fine cotton (Pima and Acalpi). The average yield fell by 7% to 1,786 kg/ha. As usual, a large proportion of the crop was committed to final users early in the season.

Africa: Strong Cotton Production Rebound Continued

African cotton production declined continuously and significantly from 2.0 million tons in 2004/05 to 925,000 tons in 2009/10, the smallest in almost five decades. However, production slightly recovered to 1.0 million tons in 2010/11, rebounded to 1.5 million tons in 2011/12, and remained at the same level in 2012/13. This jump was driven mainly by the significant increase in seedcotton prices received by farmers. In 2012/13, the production increase in Francophone Africa was offset by decreases in North Africa and East and Southern Africa.

Africa accounted for 14% of world cotton area in 2012/13 (4.8 million hectares). However, the estimated average yield of 319 kg/ha is 40% of the world average. This is partly explained by the fact that most cotton area in Africa is rainfed, while almost



two-third of the world cotton area is irrigated. Production in Africa accounted for 6% of the global output in 2012/13. Total cotton mill use in Africa rose 21% to 359,000 tons, or 2% of world cotton mill use.

Northern Africa

Cotton production in **Egypt** has been on a long downward trend since the early 1980s. Following a drop to 95,000 tons in 2009/10, the smallest crop in at least a century, cotton production rebounded to 137,000 tons, then 181,000 tons in 2010/11 and 2011/12 respectively, and reversed to a 40% drop to 109,000 tons in 2012/13. Due to relatively low cotton prices and problems with marketing Egyptian cotton overseas, farmers switched to plant corn and rice, which are more profitable. Consequently, cotton area dropped 45% (100,000 hectares) to 121,000 hectares in 2012/13. Despite the reductions in cotton area and production, average yields increased by 9% from 821 kgs/ha in 2011/12 to 895 kgs/ha in 2012/2013. Exports declined from 93,000 tons in 2011/12 to 76,000 tons in 2012/13 due to imposed minimum export prices. Egypt is the largest African cotton consumer. Strong demand was noted from domestic mills, which benefitted from government subsidies. Cotton imports have increased significantly. It was estimated at 103,000 tons, up by 78,000 tons from 2011/12.

Following a jump to 44,000 tons in 2011/12, cotton production in **Sudan** declined significantly to 27,000 tons in 2012/13. Cotton area is estimated at 50,000 hectares in 2012/13, a decline of 80,000 hectares from the previous season. **Sudan's** cotton exports followed the same downward trend. Exports were estimated at 24,000 tons in 2012/13, down from 32,000 tons in the previous season. Cotton consumption was stable at 2,000 tons in 2012/13.

Francophone Africa³

After five consecutive seasons of decline and one season of stability and strong rebound, cotton production in Francophone Africa continued to increase to 923,000 tons in 2012/13, up 29% from 714,000 tons in 2011/12. Cotton plantings expanded by 33% to 2.5 million hectares, encouraged by government policies in the cotton sector with significant increases in minimum seedcotton prices and continued subsidies for inputs. The average yield was 372 kg/ha, slightly below 2011/12. Cotton mill use in Francophone African countries remains small. It was estimated at 17,000 tons in 2011/12 and 2012/13, accounting for less than 2% of local production. Exports were projected at 774,000 tons, up by 30% from 2011/12.

Mali's cotton production increased for the fourth consecutive season, despite the severe crisis in the country. Production rose slightly from 186,750 tons in 2011/12 to 189,000 tons, up, 1%. The increase in production was driven by an expansion in

cotton area, a 15% increase from 2011/12 to 548,000 hectares. The government continued to subsidize fertilizer used on cotton at the same level as for grain production, encouraging an increase in cotton plantings. The seedcotton price announced to producers prior to planting increased from 185 FCFA/kg in 2010/11 to 255 FCFA in 2011/12, but remained unchanged for the 2012/13 season. Despite the government's fertilizer subsidies, the average yield dropped by 12% to 345 kg/ha from 2011/12. In 2012/13, exports increased 31% from 2011/12, reaching a recent high of 171,000 tons since 2008/09. The weather was more favorable for cotton planting than the previous season.

With the results of the 2012/13 crop year, **Burkina Faso** recovered its title as Africa's number one cotton producer with an estimated production of 260,000 tons, representing an increase of 50% compared to the 174,000 tons of 2011/12. However, this performance falls short of the record 300,000 tons produced in 2005/06. Cotton plantings expanded from 429,381 hectares in 2011/12 to 586,000 hectares in 2012/13, which represents a 36% growth. Biotech cotton accounted for 50% of total cotton area in 2012/13. Cotton exports rose from 152,000 tons in 2011/12 to 215,000 tons in 2012/13. **Burkina Faso** consumes around 4,000 tons of cotton every year.

The Ivorian cotton sector has been severely affected in recent years due to the political crisis. After a 27% drop in 2010/11, cotton production in **Côte d'Ivoire** increased for the second consecutive season in 2012/13 to 140,000 tons, up 24% from the previous season. This rebound was driven by an expansion in cotton plantings, encouraged by government subsidies for fertilizers and by an increase in the minimum seedcotton prices announced prior to planting. After the electoral crisis ended in April 2011, the government aimed to reverse the trend of failing cotton harvest by boosting production. A series of reforms designed to provide a swift, significant and sustainable boost to each of the key parameters (production, productivity, profitability) was adopted in March 2013. The main aspects were: to strengthen the role of the regulating authority, to update the sector strategy and associated action plans and to facilitate interdisciplinary process to seek compromises among different stakeholders.

The organization of Benin's cotton sector has continuously been marked by conflicts between public and private partners. As of June 2012, the government announced the creation of a national monitoring and controlling authority/organ over the cotton sector, with the reestablishment of the former public society, SONAPRA, to replace management structures created through agreements between the government and the Inter-professional Cotton Association (AIC). Despite this transition, cotton area expanded by 70% from 208,000 hectares in 2011/12 to 351,000 hectares in 2012/13, and production and exports both increased by 60% to 118,000 tons and 93,000 tons respectively.

3) Francophone Africa includes Benin, **Burkina Faso**, **Cameroon**, Central African Republic, **Chad**, **Cote d'Ivoire**, Guinea, Madagascar, **Mali**, Niger, Senegal and **Togo**.

The Cameroonian cotton segment is articulated by two major actors, namely: SODECOTTON (Cameroon Cotton Development Company) and CNPC Cameroon (National Confederation of Cameroonian Cotton Farmers). SODECOTTON is a joint venture public company, with 59% of shares belonging to the Cameroonian State and 41% to private partners. Cotton production in **Cameroon** continued to recover for the third consecutive season, reaching 100,000 tons in 2012/13, an increase of 28% from 2011/12 matching the level of a decade ago. The gain in output was the result of a 34% expansion in plantings to 200,000 hectares, driven by a higher 2012/13 seedcotton price. The government continues to subsidize fertilizer. SODECOTTON continued to diversify farming in cotton regions by increasing area planted to soybeans. Cotton exports from **Cameroon** rose from 69,000 tons in 2011/12 to 76,000 tons in 2012/13. The national yield in **Cameroon**, 500 kilograms per hectare, was the highest in Sub Saharan Africa other than South Africa.

Production in **Togo** also continued to recover for the third consecutive season. 2012/13 production was 42,000 tons, up 27%; and exports were 40,000 tons, up 22% from 2011/12.

Cotton production in **Chad** also rose for the third consecutive season, to 48,000 tons in 2012/13, 50% higher than 32,000 tons in 2011/12. Cotton area and yields were up: cotton area rose to 257,000 hectares while the average yield increased to 187 kg/ha. However, the yield remained below the recent 10-year average by 10 kg/ha. A decision regarding the restructuring of COTONTCHAD SN, cotton production may revive. The COTONTCHAD SN scheme projects a progressive resurgence of producer organizations in the management of the sector with the objective of raising production to 300,000 tons of seedcotton (120,000 tons of lint) in 2016. Exports from **Chad** were estimated at 32,000 tons in 2012/13.

Production in Senegal was estimated up by 27% to 13,760 tons. The average yield in Senegal was estimated at 405 Kg/ha in 2012/13, a slight decline following the 11% yield increase in 2011/12.

Anglophone West Africa

Cotton production in **Nigeria** was estimated at 57,000 tons in 2012/13, compared with 52,000 tons in 2011/12. Mill use was projected at 19,000 tons. The Nigerian textile industry has been severely affected in recent years by competition from Asia and smuggling of imported textile products into the country. High yarn production costs and frequent electricity shortages have also undermined mill use of cotton.

Ghana's cotton production was estimated at 6,500 tons in 2012/13, down 9% from 2011/12. Comparing Ghana to its neighbors (**Burkina Faso**, **Côte d'Ivoire**, **Togo**) Ghana underperformed. The government is looking into ways to revive the cotton sector, including the introduction of *Bt* cotton.

Lower Cotton Production in Eastern and Southern Africa

Cotton production in East and Southern African countries declined 26% to 470,000 tons in 2012/13 after a record of 633,000 tons in 2011/12. Most of the loss in production was explained by a 15% reduction in plantings. The average yield also dropped by 11% to 220 kg/ha. Production decreased in most countries of the region, with the exception of Ethiopia and **Kenya**. Conversely, cotton mill use was estimated around 168,000 tons in 2012/13, up 12% from 2011/12. Thus imports rose 55% to 80,000 tons. Cotton exports from East and Southern African countries, including intra-regional shipments, were projected at 430,000 tons in 2012/13, up by 18% from the previous season.

Zimbabwe's cotton production declined 22% from 142,000 tons in 2011/12 to 111,000 tons in 2012/13. Cotton plantings dropped 12% during the same period. The reduced crop size is attributed to a combination of poor yields related to inclement weather, and to a lesser extent, to the decision of some growers to cultivate other cash crops. Because of the limited crop, competition for supplies drove prices higher. Offers from buyers were between US\$45.00/55.00 cents per kilogram of seedcotton, although the minimum seedcotton prices, mutually agreed early in the season and a major cause of dispute between growers and buyers was fixed in range of US \$35.00/41.00 cents per kilo, according to quality. Despite government's intervention to designate cotton as a "controlled crop," the government did not make any cotton purchases. **Zimbabwe's** cotton mill use was estimated around 5,000 tons, and exports were projected at 105,000 tons in 2012/13.

Cotton production in Ethiopia increased for the third consecutive year to 30,000 tons in 2012/13, up by 9,000 tons from previous year. Besides production, cotton area, yields, consumption and exports increased by 10%, 28%, 100%, and 50% respectively in 2012/13. Ethiopia is one of the biggest cotton consuming countries in Africa. Cotton mill use is estimated at 45,000 tons in 2012/13, up by 20,000 tons from 2009/10. The Ethiopian government has established a support program to assist cotton industries since 2010.

After a rebound to 120,000 tons in 2011/12, cotton production in **Tanzania** declined by 19% to 97,000 tons in 2012/13. Conversely, the average yield increased slightly from 211 kg/ha in previous season to 213 kg/ha in 2012/ 2013. The seedcotton price was fixed at 0.40/kg (660 Tsh/Kg). **Tanzania's** cotton consumption was estimated at around 32,000 tons and its exports were projected at 67,000 tons.

After an explosion in cotton plantings to a record of 512,000 hectares, encouraged by high seedcotton prices in 2011/12, cotton production in **Zambia** dropped 55% from 110,000 tons in 2011/12 to 50,000 tons in 2012/13. A downward turn of production is the result of not only a 28% fall in the area sown as farmers reacted to lower prices and switched to other crops but also reduced yields (135 kg/ha). Prices started at

the equivalent of around 33 cents per kilo of seedcotton, but have advanced to around 37 cents per kilo. In addition, the unfavorable weather pattern undermined the prospects for the 2012/13 crop. Cotton exports, including shipments of the previous season's crop, were projected at 86,000 tons in 2012/13, significantly up by 66% from the previous season.

Cotton production in **Mozambique** was estimated at 37,000 tons in 2012/13, a decline of 39% from the previous season as plantings dropped by 21%. The average yield followed the same trends, dropping by 23%. The decline was driven by multiple factors. The industry's inadequate logistical capacity to deal with the unexpectedly large volume produced during the 2011/12 season (61,000 tons) caused delays, which in turn contributed to lower seedcotton prices (39.50 cents per kilo). Conversely, cotton exports from **Mozambique** were projected at 53,000 tons in 2012/13, up by 46%.

After last season's impressive rebound to 47,000 tons, cotton production in **Uganda** dropped 41% to 28,000 tons in 2012/13. Most of the Ugandan cotton crop is exported. **Uganda** exported 30,000 tons in 2012/13.

Cotton production in Malawi was estimated at 35,000 tons in 2012/13, down by 3,000 tons from a record of 38,000 tons in 2011/12. It nevertheless remained higher compared to a two-decade low of 6,000 tons in 2009/10. The government continues to support the cotton sector (via the distribution of free seeds and pesticides). Cotton planting, estimated at 180,000 hectares in 2012/13, declined slightly from a record 200,000 hectares stimulated by higher cotton prices and increased government support in 2011/12. The average yield however increased from 190 kg/ha in previous season to 192 kg/ha in 2012/13.

After a rebound in 2010/11, cotton production in **South Africa** dropped successively by 26% to 13,000 tons in 2011/12 and 47% to 7,000 tons in 2012/13. A lower cotton-to-maize price ratio at planting time resulted in a contraction of cotton plantings to 11,000 hectares in 2012/13. The average yield declined by 36% from 986 kg/ha in 2011/12 to 633 kg/ha in 2012/13, due to lower yields in the Northern Cape. Cotton mill use in **South Africa** remained at 19,000 tons in 2012/13. A Cotton Sector plan has been formulated with the participation of all role-players, which aims to produce 30,000 tons by 2015. Based on the cotton output in the last two years, the cotton sector strategy and the implementation plan and its objectives are being revised.

After dropping to a low of 4,000 tons in 2010/11, **Kenya's** production recovered slightly during the most recent two consecutive years to 6,000 tons in 2011/12, and 7,000 tons in 2012/13. Plantings fell by 10% from 43,000 hectares in 2011/12 to 39,000 hectares in 2012/13. However, the yield increased from 130 kg/ha to 170 kg/ha driven by improvement in farmers' practices. Cotton mill use in **Kenya** was estimated at 9,000 tons in 2012/13.

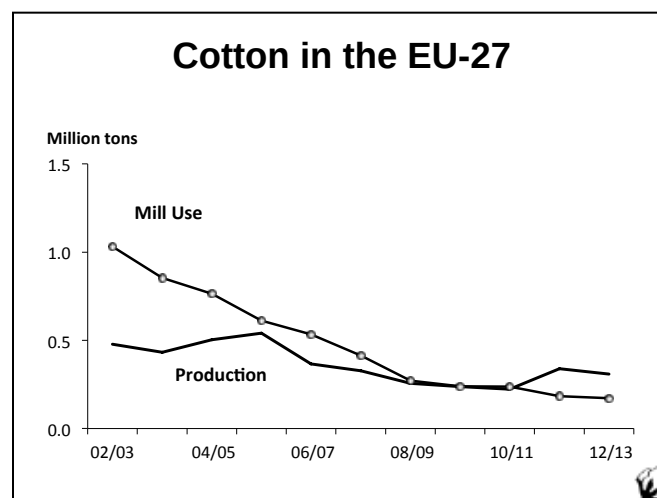
Europe: Decline in Cotton Production and Mill Use

In the European Union (27 countries), cotton is produced principally in **Greece** and **Spain**. Production in Portugal stopped in 2006, and production in Bulgaria is now negligible. Cotton growers in **Greece**, **Spain** and Bulgaria obtain assistance through the Common Agricultural Policy (CAP) of the European Union (EU). Changes were introduced in the EU CAP starting in 2009/10. As before, cotton producers receive 65% of EU support as a single decoupled payment (income aid) and the remaining 35% as an area payment (coupled or production aid). However, the national base areas benefiting from the production aid were reduced and are now set at 250,000 hectares for **Greece** and 48,000 hectares for **Spain**. The aid is paid for cotton of sound, fair and merchantable quality. The aid is paid per hectare of eligible area by multiplying fixed reference yields by the reference amounts for each country. If the eligible area exceeds the maximum base area, the aid per hectare is reduced proportionally.

European cotton production has declined since 2005/06. In 2010/11 it reached 223,000 tons, the smallest crop since 1984/85. However, it rebounded by half to 340,000 tons in 2011/12, driven by higher cotton prices. The rebound was short-lived, cotton production again dropped 10% to 308,000 tons in 2012/13.

In 2012/13 **Greece** produced 80% of the EU cotton crop. Cotton area declined 10% to 270,000 hectares while the average cotton yield remained unchanged at 930 kg/ha. As a result, production declined 10% to 251,000 tons. **Greece's** financial crisis negatively impacted cotton mill use, which dropped 15% to 21,000 tons. Exports were estimated at 240,000 tons, up by 1% from the previous season. **Turkey**, **China** and **Indonesia** were major destinations in 2012/13. Shipments to **Egypt** were smaller, even though the import ban by **Egypt** was lifted in March 2012.

In 2012/13 cotton area in **Spain** was estimated at 67,000 hectares, the same level as the previous season. The average



yield dropped 5% to 845 kg/ha caused by precipitation above the historical level which fueled weed and fungi growth. As a result, production declined by 5% to 57,000 tons, equivalent to half the size of the crop in 2005/06. Exports from **Spain** are estimated at 53,000 tons, down 6% from the previous season.

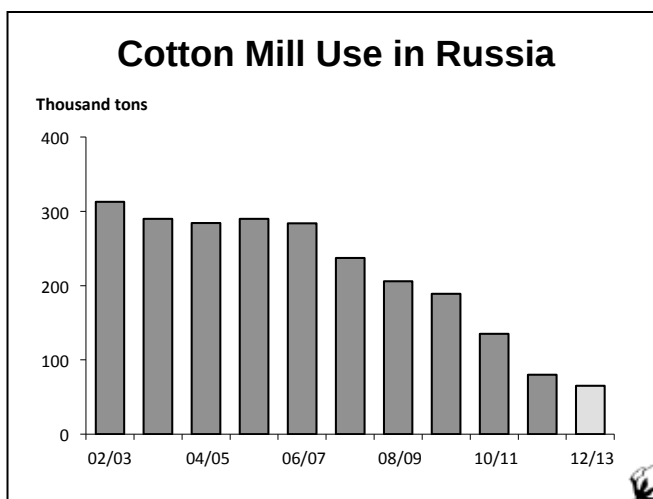
Cotton consumption in the EU-27 declined almost continuously from a peak of 2.0 million tons in the mid-1980s to an estimated 183,000 tons in 2011/12, and a further drop to 172,000 tons in 2012/13. The annual rate of decline slowed in 2009/10 and 2010/11, but it accelerated to 23% in 2011/12 then decelerated to 7% in 2012/13. The deepening European financial crisis and the ensuing mild economic recession significantly affected end-use consumption of textile products in the region. Four countries (**Italy, Germany, Greece** and **Portugal**) accounted for 72% of cotton mill use in the EU-27 in 2011/12 and 2012/13. Cotton mill use declined in most countries in the EU-27, but was stable in **Germany, France** and **Switzerland**.

Italy is the largest cotton consumer in the EU-27, accounting for a quarter of EU mill use. Italian cotton mill use declined in 2012/13 to 43,000 tons, the smallest amount of cotton spun in the country since World War II. While domestic cotton mill use has shrunk over the last few years, an important part of the cotton yarn spinning activities have been relocated to other countries but still belong to Italian companies. Cotton mill use fell by 15% to 21,000 tons in **Greece** and by 5% to 22,000 tons in **Portugal**. Cotton mill use in **Germany** decreased by 17% to 38,000 tons in 2011/12 and remained unchanged in 2012/13. **France's** cotton consumption stabilized in recent years. It has remained at 15,000 tons since 2009/10.

Cotton mill consumption in **Belgium** fell 40% to 4,000 tons in 2011/12 and remained at 4,000 tons in 2012/13. **Belgium** re-exports half of its cotton imports to other European countries. Mill use in the Czech Republic and **Spain** was estimated at 6,000 tons each in 2011/12 and 2012/13. In **Austria**, cotton consumption was expected to decrease by a third to 4,000 tons in 2011/12 and 2012/13. In **Switzerland**, cotton use has stabilized and was estimated at 4,000 tons for the past three seasons. One cotton-spinning mill operates in **Switzerland**; it produces high-count cotton yarns. **Switzerland** is the location of many organizations servicing the cotton industry, including merchants, controllers, and banks. **Poland's** mill use fell by half to 2,400 tons in 2011/12, and an additional 2% to 2,320 tons in 2012/13. Consumption of cotton waste has increased in recent years, to produce medical, hygienic and cosmetic products.

Consumption of cotton in **Finland** has stopped since the major spinning mill closed in 1998. The Netherlands import small quantities of cotton, which are re-exported. However, both **Finland** and the Netherlands import cotton fabrics for finishing and dyeing, and both countries have manufacturing industries that use cotton products.

Cotton use in the United Kingdom has been less than 1,000



tons since 2010/11, down from 465,000 tons in the 1950s to 330 tons in 2012/13. However, the United Kingdom remains the location of the International Cotton Association (ICA) and many companies servicing the cotton industry.

Cotton mill use in **Russia** continued its long-term decline. In 2011/12, it was estimated at 80,000 tons, or 39% lower than in the previous season. In 2012/13, it dropped another 19% to 65,000 tons. Production of cotton yarn and fabric also continued their downward trends. Imports of cotton decreased 9% to 69,000 tons.

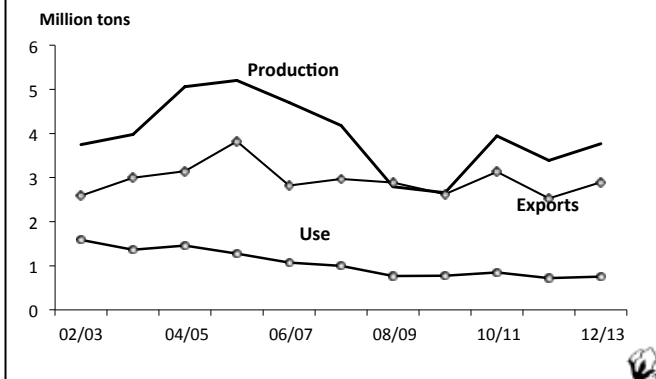
Cotton Production Rebound in North America

After a continuous decline from a record 5.3 million tons in 2005/06 to 2.7 million tons in 2009/10, cotton production in North America has been on a see-saw, alternating between rise and fall from year to year. In 2012/13, cotton production in North America rose 9% to 4.1 million tons because of a bigger US crop. Cotton consumption in North America, on the other hand, has been on a steady decline and fell 40% from 1.8 million tons in 2005/06 to 1.1 million tons in 2012/13.

Cotton plantings in **United States** decreased 16% in 2012/13 as cotton prices were lower. Severe drought for much of the Southwest, the largest cotton region in the U.S., kept the abandonment rate at 24%, a "12%" improvement from previous season when abandonment was at a record 36%. In 2012/13, a total of 3.8 million hectares was harvested, a drop of 1% from 2011/12. The average cotton yield increased 12% to 994 kg/ha, the highest on record. Cotton production rose 11% to 3.8 million tons in 2012/13 following a 14% drop in 2011/12 – Upland cotton production increased by 12% to 3.6 million tons, Pima cotton production decreased to 170,000 tons, 8% lower than in 2011/12 due to lower prices. Despite a high abandonment of 41%, the Southwest crop contributed 1/3 of the U.S. crop.

In 2012/13, U.S. cotton mill use increased by 5% to 751,000 tons after dropping 15% to 718,000 tons in the previous

The United States



season. The current level is less than one-third of the peak mill use of 2.5 million tons in 1997/1998. Nonetheless, the **United States** was the seventh largest consumer of raw cotton in 2012/13.

The **United States** is the largest exporter of cotton, and the share of the United States in global exports changed from 41% in 2010/11 to 27% in 2011/12 and 30% in 2012/13. U.S. cotton exports increased 15% to 2.9 million tons in 2012/13. The top U.S. cotton export destinations are China, **Turkey**, Vietnam and Mexico.

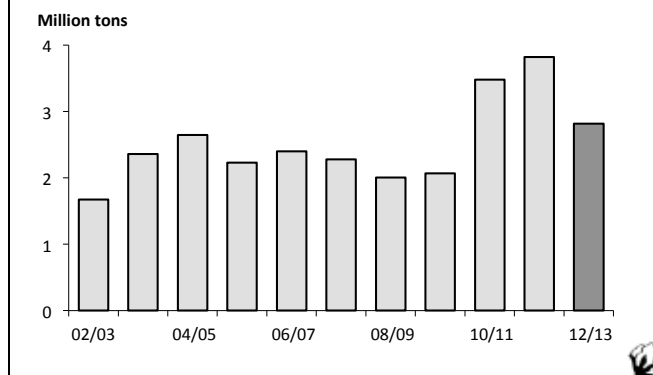
Cotton production in Mexico declined in 2012/13 following a strong recovery in 2011/12. It fell 16% to 231,000 tons in 2012/13 from a bumper crop of 274,000 tons in 2011/12 due to lower cotton prices and high production costs. Cotton mill use in Mexico started to contract at the beginning of the 2000s, due to competition from imported Asian textile products in the United States and Canada. In 2012/13, cotton mill use fell 12% to 343,000 tons. Mexico's imports correspondingly fell 10% from the previous season to 200,000 tons. Mexico remained the third largest importer of U.S. cotton after China and **Turkey** and is ranked the 13th largest importer of cotton in the world in 2012/13.

Cotton consumption and imports in Canada have been fairly stable at around 1,000 tons in 2011/12 and 2012/13. Mill consumption in Central America (mainly El Salvador and Guatemala) was estimated around 43,000 tons each, at the same level as the previous season. Central American spinning mills use cotton imported mostly from the **United States**.

Cotton Production Decline in the Southern Hemisphere

In 2012/13, the Southern Hemisphere, unable to extend two consecutive years of production increases, dropped 36% to 2.8 million tons from a record of 3.8 million tons. The decrease came mostly from **Australia**, where production fell from a record of 1.2 million tons to 1 million tons of cotton. Production in South America decreased 44% to 1.5 million

Cotton Production in the Southern Hemisphere



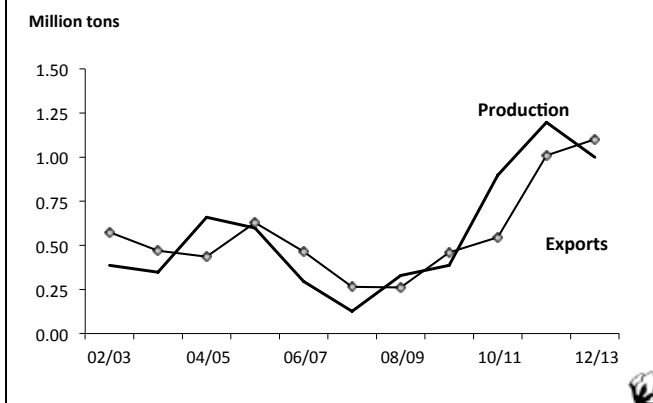
tons. The southern hemisphere accounted for 14% of world production in 2011/12, the same as in the previous season but down to 11% in 2012/13 from 9% on average in the previous five years.

Exports Climbs to a New Record in Australia

After several years of recurring drought, the return of rains since 2008 has encouraged a recovery in cotton production in **Australia**. In the last three seasons, it shot to record levels, boosted by high international cotton prices. Production increased from a 25-year low of 126,000 tons in 2007/08 to 898,000 tons in 2010/11, and to 1.2 million tons in 2011/12 before retreating to 1 million tons in 2012/13. **Australia** was the sixth largest cotton producer in 2011/12 and seventh largest cotton producer behind **Uzbekistan** in 2012/13.

In 2012, the dryness leading to the time of planting and lower cotton prices at the time of planting led to a 26% decrease in cotton area to 442,000 hectares. Cotton plantings took place between September and November 2012. The mix of rain and dryness created ideal growing conditions for cotton. The average national yield was up by 13% to a record 2,260 kg/ha.

Australia



Cotton production decreased 17% to 1 million tons.

Export shipments during 2012/13, including the unshipped balance of the 2011/12 crop, were projected at a record 1.1 million tons, up by 9% from the previous season. Australia was the third largest exporter of cotton in 2012/13.

Lower Cotton Production in South America

After jumping to a record of 2.4 million tons in 2010/11, South American cotton production was estimated down by 5% to 2.2 million tons in 2011/12 and 44% to 1.5 million tons in 2012/13. Cotton production in 2012/13 was below the 10-year average of 1.7 million tons. Cotton area also dropped 53% to 1.4 million hectares. The average yield increased by 6% to 1,114 kg/ha. Cotton mill use in the region remained flat at 1.3 million tons.

Production in **Brazil** declined in 2012/13 by 33% from 1.9 million tons to 1.3 million tons. Cotton area was down 36% at 887,000 hectares. The national average yield in 2012/13 was estimated at 1,425 kg/ha, up 6% from the previous season despite report of bollworm infestation. **Brazil** has been the fifth largest producer of cotton since 2006/07.

Cotton mill use in **Brazil** rose 1% in 2012/13 for the third consecutive season, to 900,000 tons. Most cotton mill use is directed towards the domestic market. However, a significant increase in imports of yarn and finished textile products from Asia, helped by a strong real, resulted in a slowing of spinning operations and/or an increase in the share of polyester in blends. **Brazil** has also been the fifth largest consumer of cotton since 2008/09.

Cotton exports from **Brazil**, including the unshipped balance of the 2011/12 crop, dropped 10% to 940,000 tons in 2012/13. This decrease reflected the modest crop of 2011/12 as well as weak export demand, primarily from China. Cotton imports,

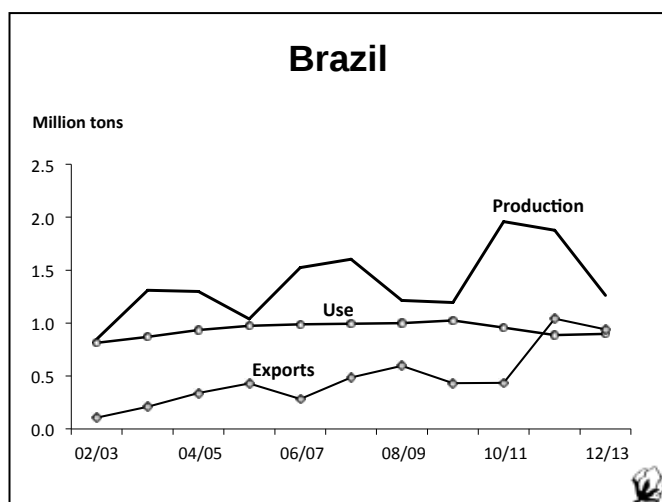
after jumping to 150,000 tons in 2010/11, dropped back to 6,000 tons in 2011/12 due to ample domestic supplies, then rose to 15,000 tons in 2012/13. **Brazil** was the fourth largest exporter of cotton during 2011/12 and 2012/13.

After two years of strong increase, cotton production in **Argentina** fell by 29% to 210,000 tons in 2011/12 and fell by another 18% to 173,000 tons in 2012/13. Harvested area was estimated down by 39% to 324,000 hectares. The average yield rebounded 35% to 535 kg/ha from a significant drought in the previous season. Cotton mill use in **Argentina** was estimated up by 1% to 173,000 tons in 2011/12. Consumption has remained stable around 170,000 tons for the past four seasons. **Argentina** imported only 8,000 tons of cotton in 2011/12 and 2012/13 but exported an estimated 90,000 tons and 57,000 tons respectively. As a result of a significant recovery in production, **Argentina** switched from being a net cotton importer between 2002/03 and 2009/10 to being a net exporter since 2010/11.

Cotton production in **Colombia** was estimated at 21,000 tons in 2012/13, down by 49% from the previous season, thereby ending two consecutive seasons of production recovery. The production decline in 2012/13 was the result of reduced cotton plantings in the Coastal region, driven by lower cotton prices. Cotton area fell from 51,000 ha to 28,000 hectares. The average yield was slightly lower at 746 kg/ha. Cotton mill use in **Colombia** was estimated down by 1% to 74,000 tons due to the substitution of imported yarns. Imports were estimated at 54,000 tons, 148% higher than in the previous seasons, as a result of the smaller crop.

Cotton production in **Peru** was estimated at 42,000 tons and 40,000 tons in 2011/12 and 2012/13, respectively, slightly lower than in 2010/11. The partial recovery in production since 2009/10 has been led by an increase in planted area. Consumption was estimated around 92,000 tons in 2012/13, down by 2% from 2011/12 due to competition from imported yarn, mostly from **India**. **Peru's** cotton imports rose by 15% to 54,000 tons in 2012/13. Most imported cotton comes from the **United States**.

After reaching a 50-year low of 5,000 tons in 2009/10, production in **Paraguay** partially recovered in the next two seasons, reaching 28,000 tons in 2011/12. Higher cotton prices then and improved attractiveness relative to competing crops were the main reasons behind the recovery in cotton plantings. Cotton area reached 56,000 hectares in 2011/12, and further expanded to 70,000 ha in 2012/13, up 25%. The average yield decreased to 370 kg/ha from 500 kg/ha. Cotton mill use in **Paraguay** was estimated at 8,000 tons in 2011/12 and 2012/13; and exports at 18,000 tons in 2012/13, down 1,500 tons from 2011/12.



DEVELOPMENTS IN U.S. COTTON FARM LEGISLATION

By Carol Skelly, World Agricultural Outlook Board, USDA

The U.S. Congress is currently working toward reauthorization of the farm bill, which is generally updated every five years to support and regulate agriculture. The farm bill uses a variety of mechanisms to support producer income when prices fall or crops fail; past bills have bundled a number of provisions together, including conservation, research, and a supplemental nutrition assistance program for low-income Americans. The current farm bill was enacted in 2008, and was extended last year to cover the 2013 crop because it was due to expire. The Agriculture Committees of both chambers of Congress have drafted new farm bills, covering the 2014 through 2018 crops. The U.S. Senate passed its farm bill on June 10, 2013; however, the House of Representatives rejected its committee-passed farm bill in a vote taken on June 20, due mainly to a disagreement about the level of supplemental nutrition assistance. On July 11, the House passed a bill which addresses only renewal of the farm-related provisions, and not nutrition assistance. Since the two chambers now have bills that differ in scope, it is unclear how the two versions will be reconciled. If new legislation is not passed, then another extension will be needed to prevent the reestablishment of outdated and onerous provisions contained in permanent law.

Despite disagreements over food assistance provisions and the dairy program, the House and Senate bills include very similar cotton programs. Upland cotton constitutes the vast majority of cotton grown in the U.S. The new upland cotton program, referred to as “STAX” (for Stacked Income Protection Plan), would replace the current system of payments to cotton farmers with an enhanced program of crop insurance.

The existing upland cotton farm legislation includes two types of payments—direct payments and counter-cyclical payments—which would be eliminated under the House and Senate bills. Direct payments are currently made to all farmers who have a history of growing cotton regardless of their current production or prices received. The formula for direct payments is 6.67 cents per pound times 83.3 percent of the farm’s historical cotton base acres times the historical yield. Direct payments for cotton have totaled \$550-\$600 million per crop for the past several years. Counter-cyclical payments also are made to all farmers with a history of growing cotton, but are based on the relationship of market prices to a target price. Counter-cyclical payments are triggered on any crop for which the average price received by cotton producers is less than 64.58 cents per pound. Due to rising prices, 2009 was the last U.S. cotton crop that received counter-cyclical payments.

STAX is a proposal developed by the U.S. cotton industry in part to address the government of Brazil’s objections to

the existing cotton program, which formed the basis of a successful challenge in the WTO. (In 2010, the U.S. agreed to make annual payments of \$147 million per year to Brazil until program reforms could be enacted, or until the expiration of the current farm bill). The STAX program would replace direct and counter-cyclical payments with a system that allows upland cotton producers to purchase additional crop insurance at subsidized rates. The STAX concept is unique to cotton, as the commodity programs for grains and oilseeds are likely to retain price-based payments and some form of free revenue protection in the new legislation.

Under STAX, insurance would compensate for losses due to either low yields or lower than expected prices. Producers would choose a level of coverage and would pay 20 percent of the premium for the level of coverage they choose. The insurance provided by STAX would be in addition to crop insurance already available to cotton producers under existing programs. Most U.S. cotton producers currently carry crop insurance for 55-65 percent of potential losses; STAX would supplement this with an offer of coverage on smaller losses, with policies available in increments between 10-30 percent. One other important element would be to change the threshold for STAX payments to county-wide revenue deficits, rather than losses on individual farms as is the case with most existing cotton crop insurance policies. This insurance-based approach would have several advantages: it applies to actual upland cotton producers (not historical producers), producers must pay premiums for coverage, and payments are not automatic (as is the case with direct payments).

The marketing assistance loan is the other key provision of the U.S. upland cotton farm program and it is continued in the House and Senate farm bills for 2014-2018. The marketing assistance loan currently provides U.S. producers with a basic income guarantee of 52 cents per pound on all cotton produced. If world prices as measured by the A-index, as adjusted for differences in quality and location, fall below the loan rate, producers can repay their commodity loans at the lower level, realizing a subsidy equal to the difference between the loan rate and the loan repayment rate. Both the House and Senate bills would allow the base loan rate to fall below the current minimum of 52 cents if world prices are trending lower. Due to sharply higher U.S. and world prices, marketing loan program differentials have not been activated since October 2009.

The current upland cotton program also provides for Economic Adjustment Assistance Payments at a rate of 3 cents per pound on domestic use of cotton, regardless of whether the cotton is produced domestically or imported. This program would

continue under both the House and Senate bills.

The U.S. Congressional Budget Office (CBO) is responsible for analyzing the economic and cost impacts of all proposed legislation. The CBO projects that total upland cotton payments and costs are likely to be lower under STAX relative to both: (1) historical average program costs; and (2) the cost of extending the existing program for 2014-2018. The cost savings are due mainly to the elimination of the direct and counter-cyclical payments. While analysts agree that STAX will cut average program costs, expenditures are likely to vary more from year to year because they will be a function of weather conditions, prices levels, and the degree of participation by producers. The CBO has determined that the effects on U.S. cotton production and market prices resulting from STAX would be minimal.

For ELS cotton, the House and Senate bills continue the provisions of the 2008 farm bill. ELS producers are eligible for nonrecourse loans at a rate of 79.77 cents per pound (i.e., producers have the option of forfeiting their cotton to the government in lieu of repaying the loan). Marketing loans, direct payments, and counter-cyclical payments are not currently applicable to ELS, nor would ELS cotton be eligible for STAX under the House and Senate bills. ELS cotton domestic use and exports would continue to receive competitiveness payments if world market prices fall below U.S. prices for four consecutive weeks and the price of ELS cotton is less than 134 percent of the loan rate.





2011/12 SUPPLY AND USE OF COTTON BY COUNTRY

August 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					1	1			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	2526	729	0.22	1.02
N. America	4,032	909	3,667	674	229	1,115	2600	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		316								
C. America	2	510	1	13	39	43	0	9	0.21	0.21
ARGENTINA	528	398	210	232	8	171	90	190	0.73	1.11
BOLIVIA	5	531	3	1	1	4		1	0.16	0.17
BRAZIL	1,393	1,347	1,877	1,400	6	888	1043	1352	0.70	1.52
CHILE				1		1			0.36	0.36
COLOMBIA	51	799	41	41	22	75		28	0.37	0.37
ECUADOR	1	435	1	3	13	14		3	0.18	0.18
PARAGUAY	56	500	28	8	2	8	20	10	0.35	1.24
PERU	47	894	42	35	47	94	2	29	0.30	0.31
URUGUAY									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	101	1,262	1155	1613	0.67	1.28
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	32	19	0.57	9.21
TUNISIA				2	13	13		3	0.21	0.21
N. Africa	351	641	225	66	77	129	125	114	0.45	0.88
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	31	14	0.44	27.61
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			1	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	595	251	0.41	14.66
ANGOLA	3	299	1			1			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	18	19	12	14	0.44	0.73
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			52	103	1.98	
ZIMBABWE	450	316	142	71		9	133	71	0.50	8.29
S. Africa	2,559	247	633	297	53	150	365	469	0.91	3.13
KAZAKHSTAN	140	571	80	8	1	15	62	13	0.17	0.87
KYRGYZSTAN	37	858	32	3	3	1	34	3	0.08	2.92
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	2,244	643	1,442	554	5	443	883	675	0.51	1.52



2011/12 SUPPLY & USE OF COTTON BY COUNTRY (cont'd) August 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	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	59	38	9	20	0.42	0.53
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	76	80		17	0.21	0.21
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	299	303	327	147	0.23	0.49
Including EU-27	368	924	340	81	194	183	322	110	0.22	0.60
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	19	22	0.74	1.90
Sub total	5,528	1,339	7,400	2,143	5,570	8,832	31	6,250	0.71	0.71
AUSTRALIA	600	1,996	1,198	459	0	8	1,010	639	0.63	76.25
INDONESIA	9	711	6	124	540	448	4	217	0.48	0.48
JAPAN				19	65	63		21	0.33	0.33
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	1,771	1,450	1,239	1,141	0.42	0.79
AFGHANISTAN	50	410	20	20		4	16	20	0.99	4.87
BANGLADESH	36	528	19	194	680	700		193	0.28	0.28
INDIA	12,178	521	6,345	1,850	184	3,700	2,159	2,520	0.43	0.68
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	576	8,884	2,541	1,057	6,763	2,428	3,290	0.36	0.49
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	381	519	1,300	65	285	0.21	0.22
Sub total	912	1,162	1,060	472	602	1,602	86	446	0.50	0.28
WORLD TOTAL	36,059	771	27,810	9,580	9,802	22,100	9,834	15,270	0.69	0.69

*/ 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

August 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					1	1			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	1,511	231	137	200	343	57	168	0.42	0.49
USA	3,793	994	3,770	729	1	751	2,896	853	0.23	1.14
N. America	3,955	1,012	4,003	868	205	1,100	2,953	1,023	0.25	0.93
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	324	535	173	190	8	173	57	141	0.61	0.82
BOLIVIA	5	536	3	1	1	3		1	0.21	0.21
BRAZIL	887	1,425	1,263	1,352	15	897	940	794	0.43	0.88
CHILE									0.18	0.18
COLOMBIA	28	746	21	28	54	74		28	0.38	0.38
ECUADOR	1	440	1	3	14	14		3	0.18	0.18
PARAGUAY	70	370	26	10	1	8	18	10	0.40	1.31
PERU	45	878	40	29	54	92	2	29	0.31	0.31
URUGUAY									0.26	0.26
VENEZUELA	15	368	6	1	2	8		1	0.17	0.17
S. America	1,375	1,114	1,532	1,613	149	1,269	1,017	1,007	0.44	0.79
ALGERIA				1	3	3		1	0.19	0.19
EGYPT	122	895	109	83	103	120	76	99	0.51	0.83
MOROCCO				8	36	36		8	0.22	0.22
SUDAN	50	527	27	19		2	24	19	0.73	8.77
TUNISIA				3	13	13		3	0.21	0.21
N. Africa	172	788	136	114	154	174	100	130	0.47	0.74
BENIN	351	450	118	27		4	93	48	0.49	12.00
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	14		1	32	30	0.92	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	345	189	70		3	171	85	0.49	28.35
NIGER	5	448	2			1	1		0.11	0.25
SENEGAL	34	405	14	3		1	12	4	0.29	4.78
TOGO	122	344	42	3			40	5	0.13	
F. Africa	2,494	371	926	251		17	778	383	0.48	22.34
ANGOLA	3	302	1			1			0.23	0.34
ETHIOPIA	98	251	30	22	1	45	3	4	0.09	0.10
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	11	633	7	14	47	19	6	43	1.72	2.28
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	370	200	50	103			86	66	0.77	
ZIMBABWE	397	279	111	71		5	105	71	0.65	14.27
S. Africa	2,132	221	470	469	82	168	430	423	0.71	2.52
KAZAKHSTAN	133	677	90	13	1	15	74	15	0.17	1.01
KYRGYZSTAN	31	874	27	3	3	1	29	3	0.10	2.92
TAJIKISTAN	196	550	108	37		7	105	33	0.30	4.91
TURKMENISTAN	525	638	335	287		138	198	287	0.86	2.09
UZBEKISTAN	1,285	778	1,000	335	1	325	653	358	0.37	1.10
C. Asia	2,170	719	1,560	675	5	485	1,059	696	0.45	1.44



2012/13 SUPPLY & USE OF COTTON BY COUNTRY (cont'd) August 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	19	11		10	11	9	0.41	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				20	46	38	7	21	0.46	0.55
GREECE	270	930	251	57	2	21	240	49	0.19	2.30
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	17	69	65		22	0.34	0.34
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	880	328	147	273	276	328	143	0.23	0.52
Including EU-27	338	912	308	110	175	172	317	104	0.21	0.61
CHINA	4,975	1,467	7,300	6,181	4,237	8,290	20	9,408	1.13	1.13
TAIWAN				46	220	204		63	0.31	0.31
HONG KONG				22	70	12	40	41	0.78	3.47
Sub total	4,975	1,467	7,300	6,250	4,527	8,505	60	9,512	1.11	1.12
AUSTRALIA	442	2,138	999	639	0	8	1,100	530	0.48	66.61
INDONESIA	9	714	6	217	558	493	4	284	0.57	0.58
JAPAN				21	65	63		23	0.37	0.37
KOREA, D.R.				1	5	5		1	0.24	0.24
KOREA, REP.				51	280	272		59	0.22	0.22
MALAYSIA				41	204	15	200	30	0.14	2.01
PHILIPPINES	0	566	0	2	7	8		2	0.23	0.23
SINGAPORE				2	1		1	1	0.80	
THAILAND	2	516	1	83	369	360		94	0.26	0.26
VIETNAM	11	463	5	83	429	412		104	0.25	0.25
E. Asia	484	2,106	1,019	1,141	1,919	1,643	1,306	1,131	0.38	0.69
AFGHANISTAN	50	410	20	20		4	18	18	0.80	4.34
BANGLADESH	40	591	23	193	755	800		171	0.21	0.21
INDIA	11,760	509	5,984	2,520	250	4,726	1,530	2,498	0.40	0.53
MYANMAR	349	584	204	104		201		107	0.53	0.53
PAKISTAN	2,900	740	2,093	451	463	2,444	87	476	0.19	0.19
SRI LANKA				0	2	2		0	0.11	0.11
S. Asia	15,102	551	8,327	3,290	1,470	8,180	1,636	3,271	0.33	0.40
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	1,109	550	285	827	1,325	52	285	0.21	0.22
Sub total	844	985	831	446	917	1,617	78	499	0.68	0.31
WORLD TOTAL	34,057	776	26,425	15,270	9,743	23,471	9,743	18,224	0.78	0.78

*/ 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

August 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	0.47	0.47
MEXICO	97	1,373	133	168	270	346	57	168	0.42	0.48
USA	3,278	897	2,939	853	1	762	2,395	637	0.20	0.84
N. America	3,384	909	3,075	1,023	275	1,115	2,452	806	0.23	0.72
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	324	490	159	141	7	178	22	107	0.54	0.60
BOLIVIA	5	532	3	1	2	3	1	1	0.16	0.20
BRAZIL	993	1,432	1,422	794	60	918	787	570	0.33	0.62
CHILE				0	0	0		0	0.18	0.18
COLOMBIA	44	792	35	28	43	78	0	28	0.36	0.36
ECUADOR	1	436	1	3	14	14		3	0.18	0.18
PARAGUAY	67	380	25	10		8	17	11	0.46	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	1,491	1,132	1,688	1,007	184	1,300	828	750	0.35	0.58
ALGERIA				1	3	3		1	0.19	0.19
EGYPT	116	837	97	99	103	128	110	61	0.26	0.48
MOROCCO				8	36	36		8	0.22	0.22
SUDAN	45	382	17	19		2	15	19	1.12	8.35
TUNISIA				3	13	13		3	0.21	0.21
N. Africa	161	709	114	130	154	182	125	91	0.30	0.50
BENIN	333	453	151	48		4	142	53	0.36	13.20
BURKINA FASO	557	444	247	108		4	253	99	0.39	24.70
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	548	386	212	85		3	199	95	0.47	31.77
NIGER	5	444	2	0		1	1	0	0.12	0.25
SENEGAL	40	377	15	4		1	13	5	0.39	6.76
TOGO	116	320	37	5			39	4	0.10	
F. Africa	2,405	392	943	383		17	954	355	0.37	20.73
ANGOLA	3	299	1	0		1	0	0	0.24	0.34
ETHIOPIA	123	303	37	4	4	42	3	1	0.02	0.02
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	43	25	0.41	1.35
SOUTH AFRICA	10	957	9	43	15	19	6	42	1.70	2.26
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	333	196	65	66			54	78	1.45	
ZIMBABWE	357	289	103	71		5	95	75	0.75	14.96
S. Africa	1,953	235	459	423	54	164	367	405	0.76	2.47
KAZAKHSTAN	126	546	83	15	1	15	69	15	0.18	1.01
KYRGYZSTAN	27	831	23	3	3	1	25	3	0.11	2.92
TAJIKISTAN	186	537	100	33		7	98	29	0.27	4.26
TURKMENISTAN	550	565	311	287		144	177	276	0.86	1.91
UZBEKISTAN	1,246	697	1,000	358	1	345	653	361	0.36	1.05
C. Asia	2,136	710	1,516	696	5	511	1,022	684	0.45	1.34



2013/14 SUPPLY & USE OF COTTON BY COUNTRY (cont'd) August 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	33	499	16	9		10	10	5	0.28	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				21	41	35	6	20	0.49	0.57
GREECE	243	937	228	49	2	20	210	49	0.21	2.42
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	22	62	62		23	0.37	0.37
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	339	838	284	143	255	264	278	140	0.24	0.53
Including EU-27	304	876	266	104	164	164	268	103	0.24	0.63
CHINA	4,727	1,514	7,284	9,408	3,234	8,041	20	11,865	1.47	1.48
TAIWAN				63	214	204		73	0.36	0.36
HONG KONG				41	47	11	36	40	0.84	3.49
Sub total	4,727	1,541	7,284	9,512	3,494	8,256	56	11,978	1.44	1.45
AUSTRALIA	400	2,269	908	530	0	8	1,002	429	0.42	56.71
INDONESIA	9	714	6	284	561	528		324	0.61	0.61
JAPAN				23	60	60		23	0.39	0.39
KOREA, D.R.				1	5	5		1	0.24	0.24
KOREA, REP.				59	272	272		59	0.22	0.22
MALAYSIA				30	204	15	209	10	0.05	0.69
PHILIPPINES	0	566	0	2	7	8		2	0.23	0.23
SINGAPORE				1	1		1	1	0.50	
THAILAND	2	516	1	94	364	353		107	0.30	0.30
VIETNAM	12	465	6	104	452	453		109	0.24	0.24
E. Asia	443	2,096	928	1,131	1,927	1,708	1,212	1,067	0.37	0.62
AFGHANISTAN	45	414	19	18		4	17	16	0.77	3.82
BANGLADESH	48	561	27	171	853	880		171	0.19	0.19
INDIA	11,878	522	6,206	2,498	250	5,199	1,474	2,281	0.34	0.44
MYANMAR	349	567	198	107		217		88	0.40	0.40
PAKISTAN	2,914	719	2,095	476	485	2,493	87	476	0.18	0.19
SRI LANKA				0	2	2		0	0.11	0.11
S. Asia	15,236	561	8,546	3,271	1,590	8,797	1,578	3,033	0.29	0.34
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	446	1,161	518	285	901	1,378	42	285	0.20	0.21
Sub total	736	1,027	755	499	986	1,647	96	498	0.67	0.30
WORLD TOTAL	32,994	775	25,587	18,224	8,967	23,997	8,967	19,814	0.83	0.83

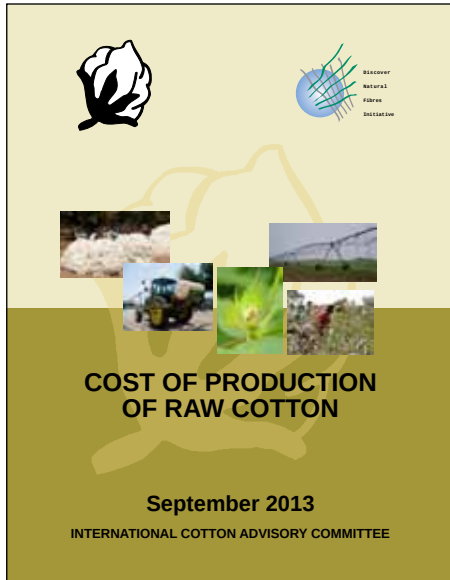
*/ Ending stocks divided by consumption plus exports.

Subtotals and total include countries not shown.

**/ Ending stocks divided by consumption.

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