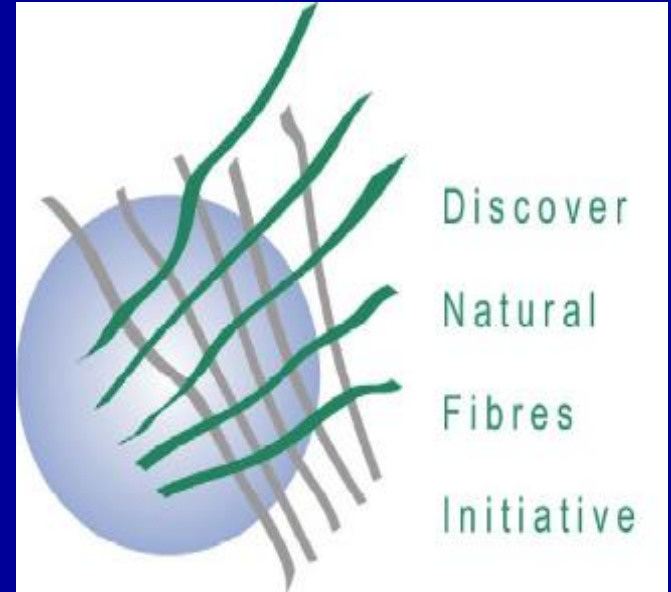
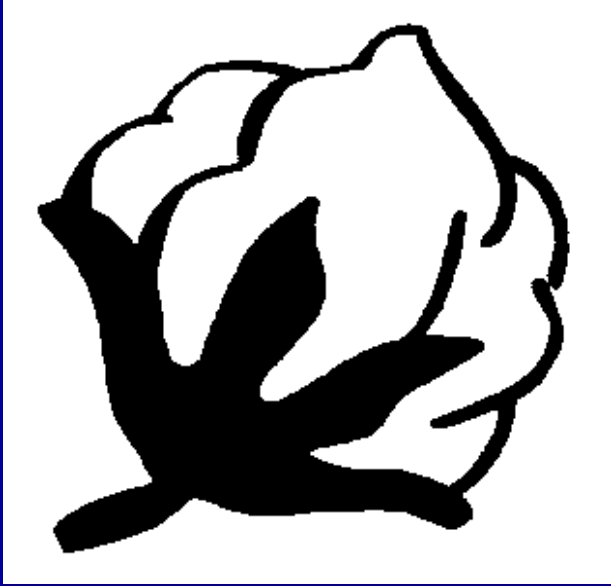


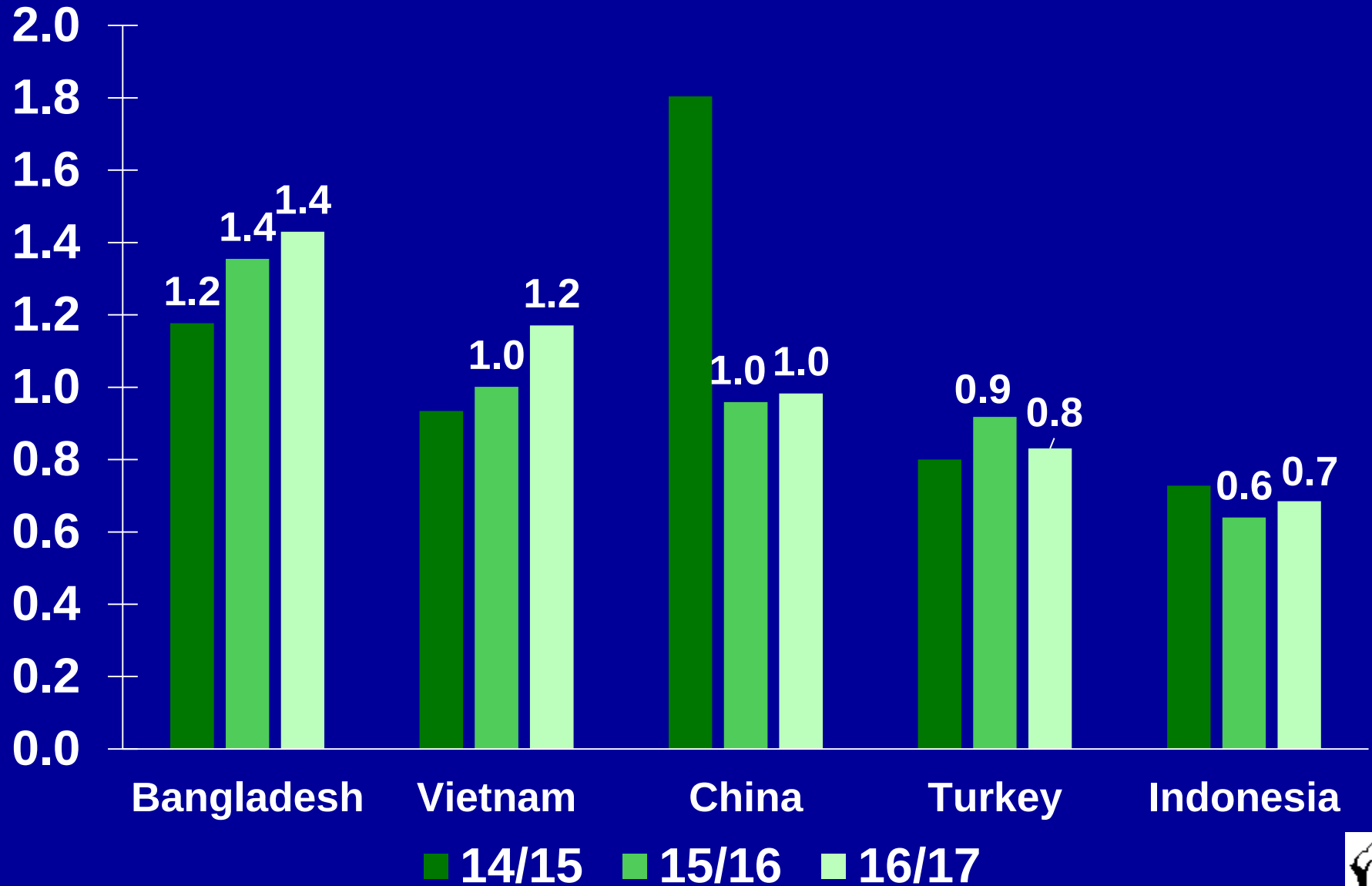
Major Developments in World Cotton Trade



Research Associates Program
Washington, April 11, 2017

Cotton Imports

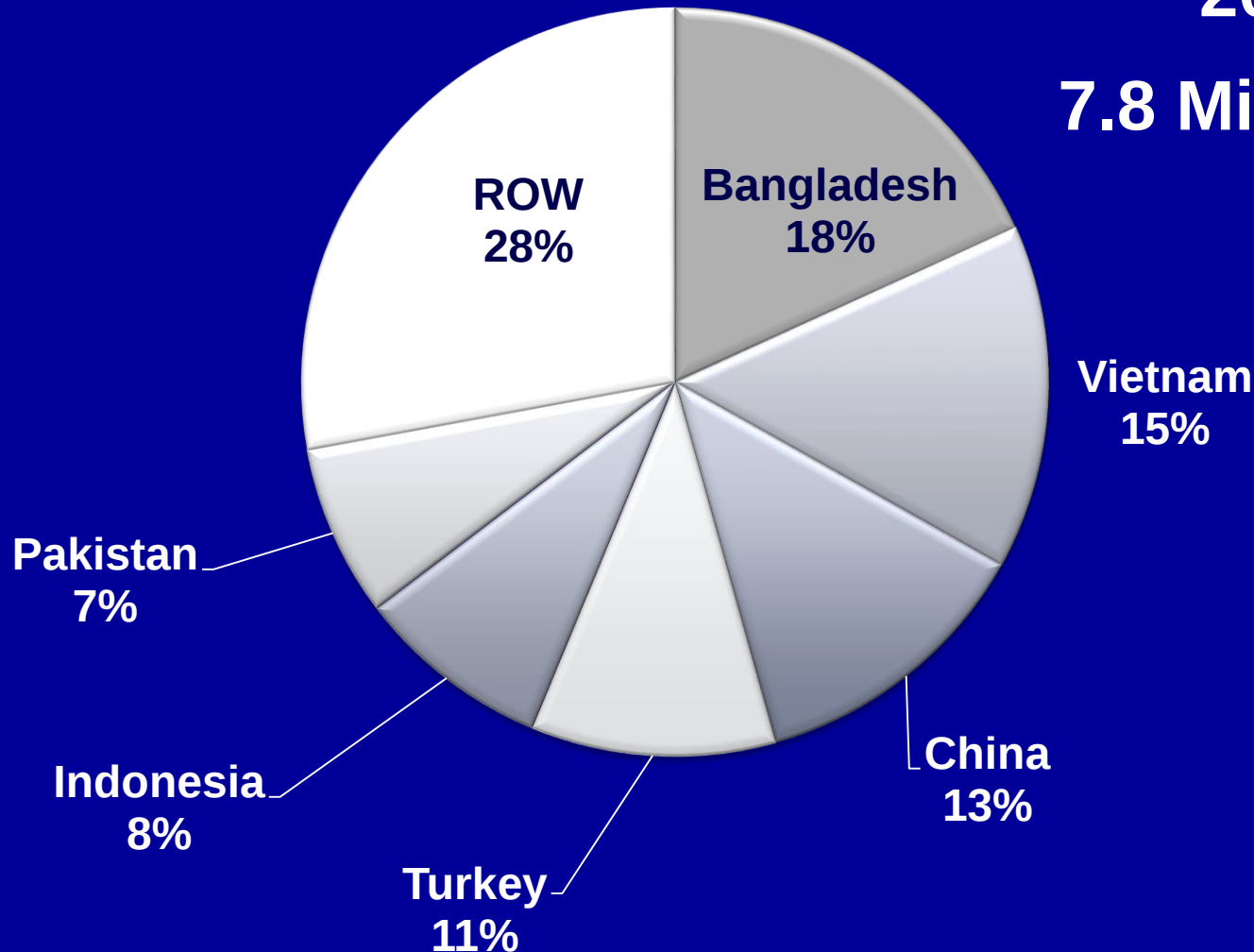
Million tons



Cotton Imports by Country

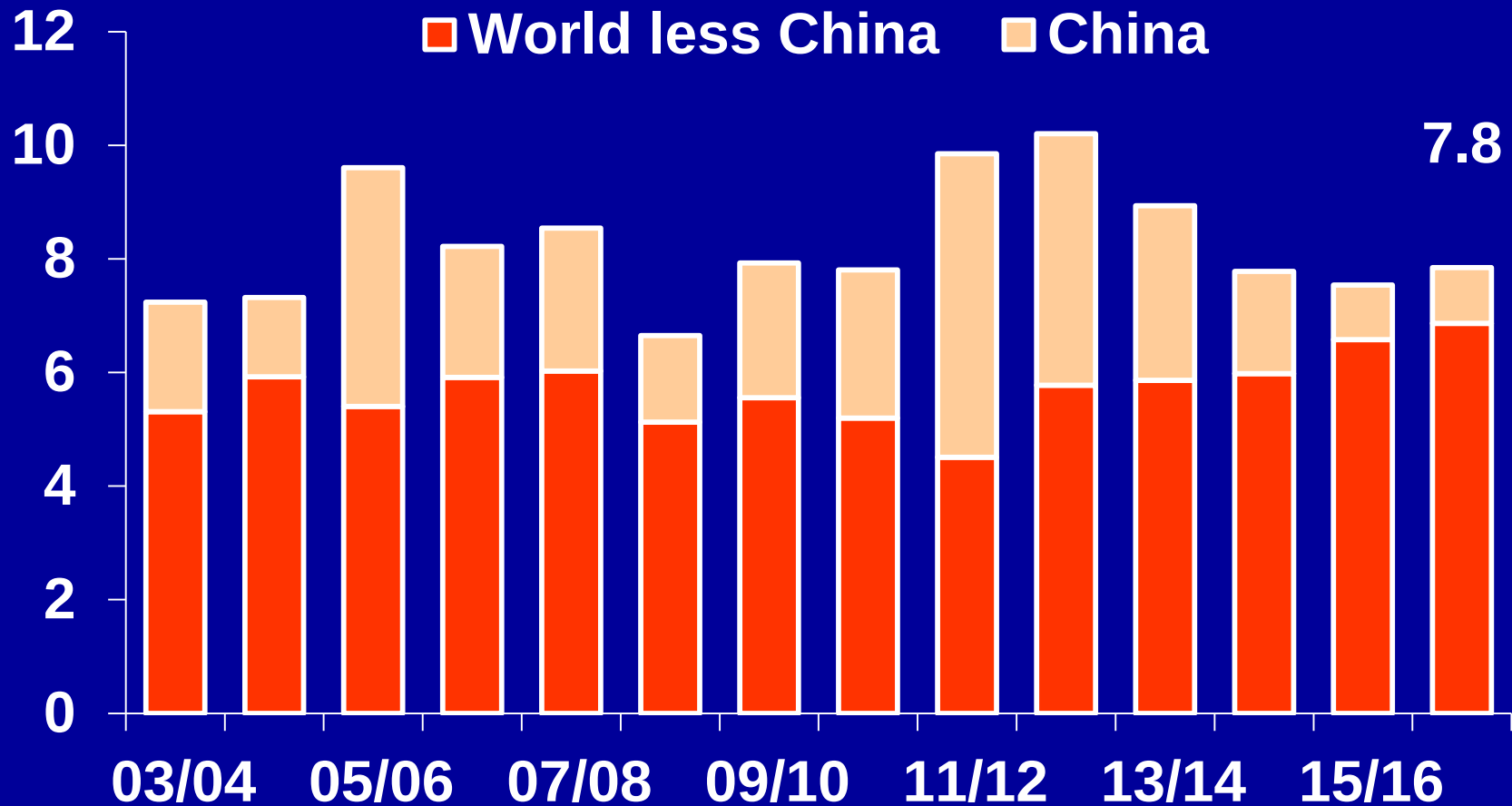
2016/17

7.8 Million tons



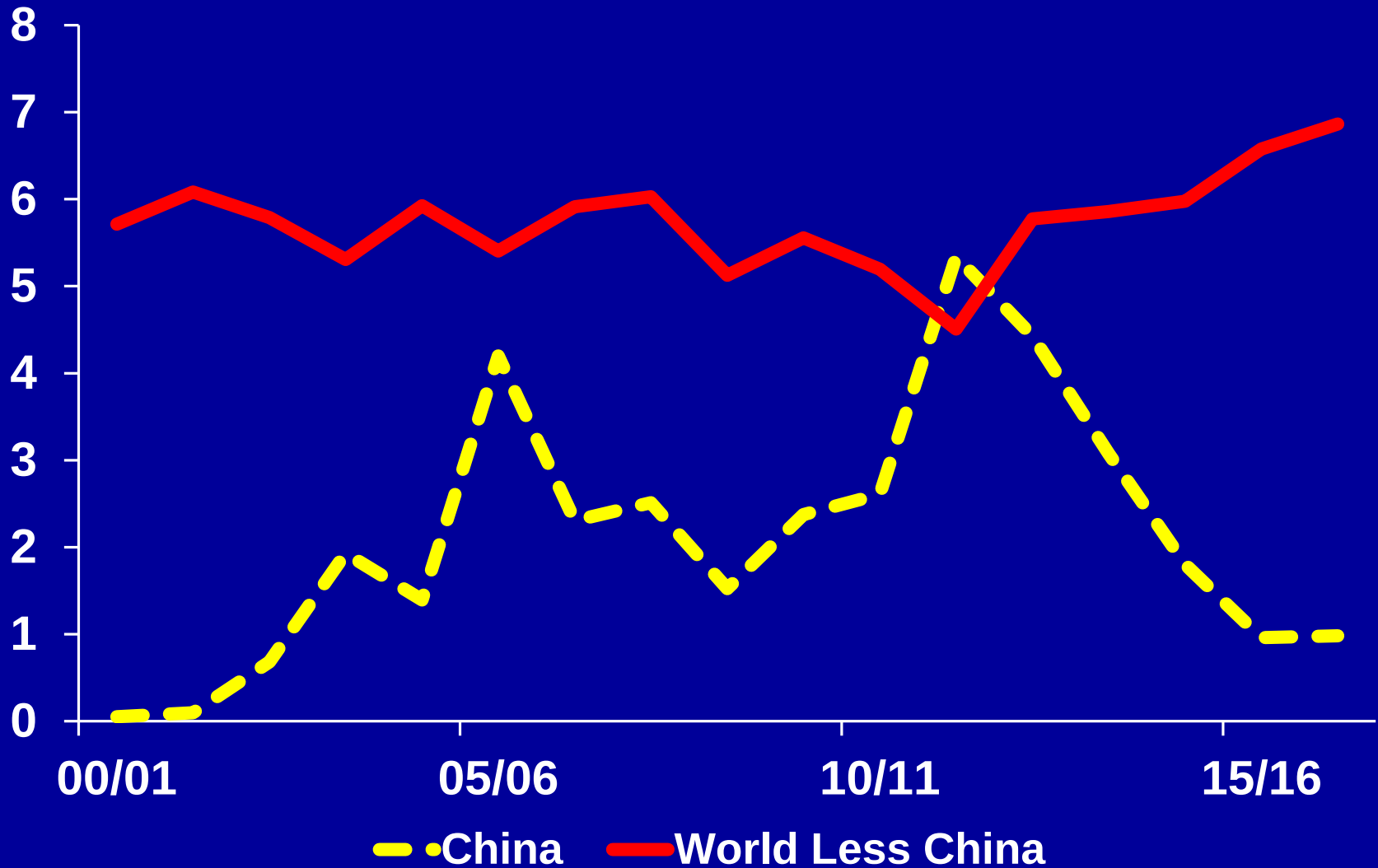
Cotton Imports

Million tons



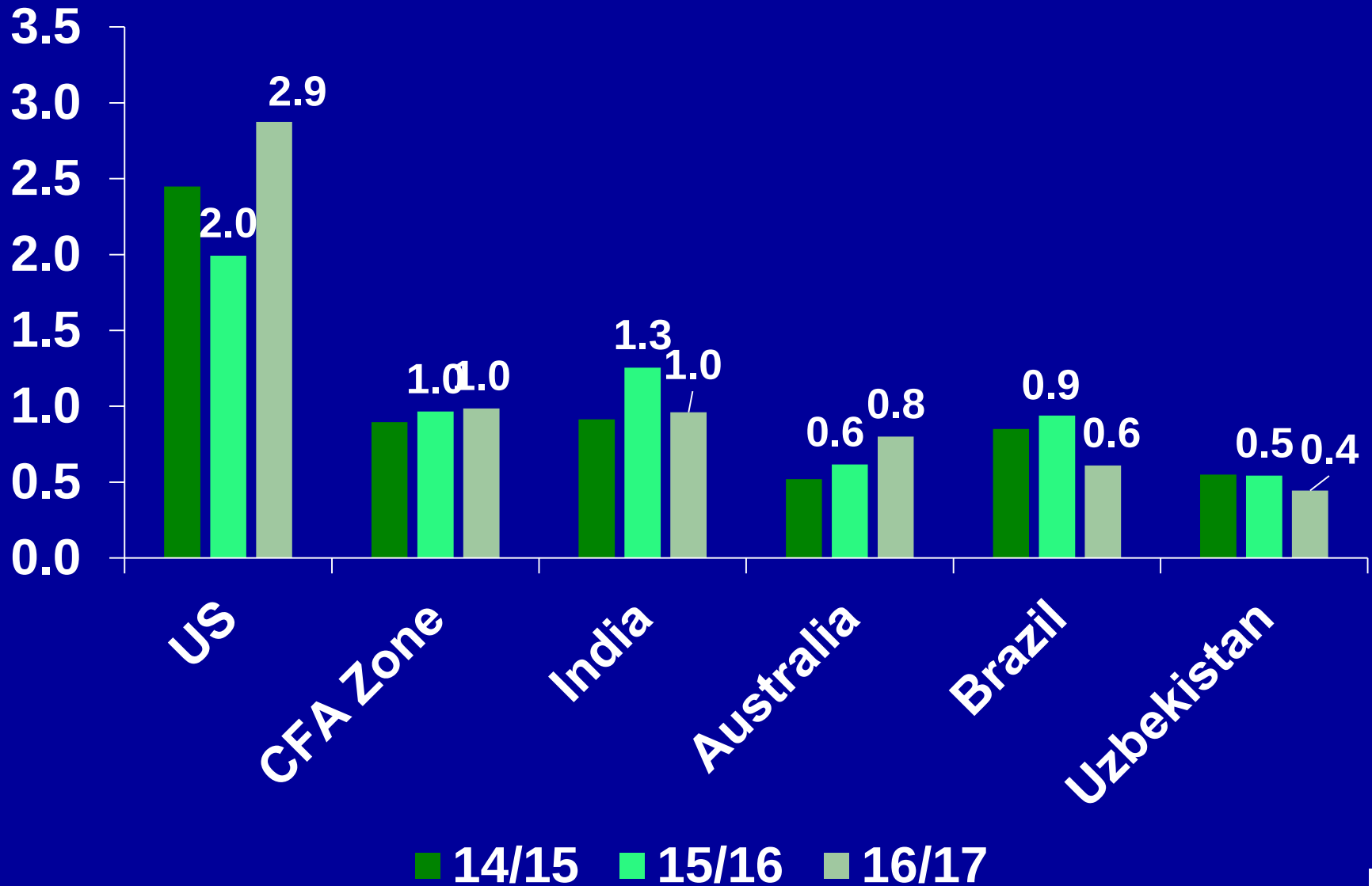
Cotton Imports

Million tons



Cotton Exports

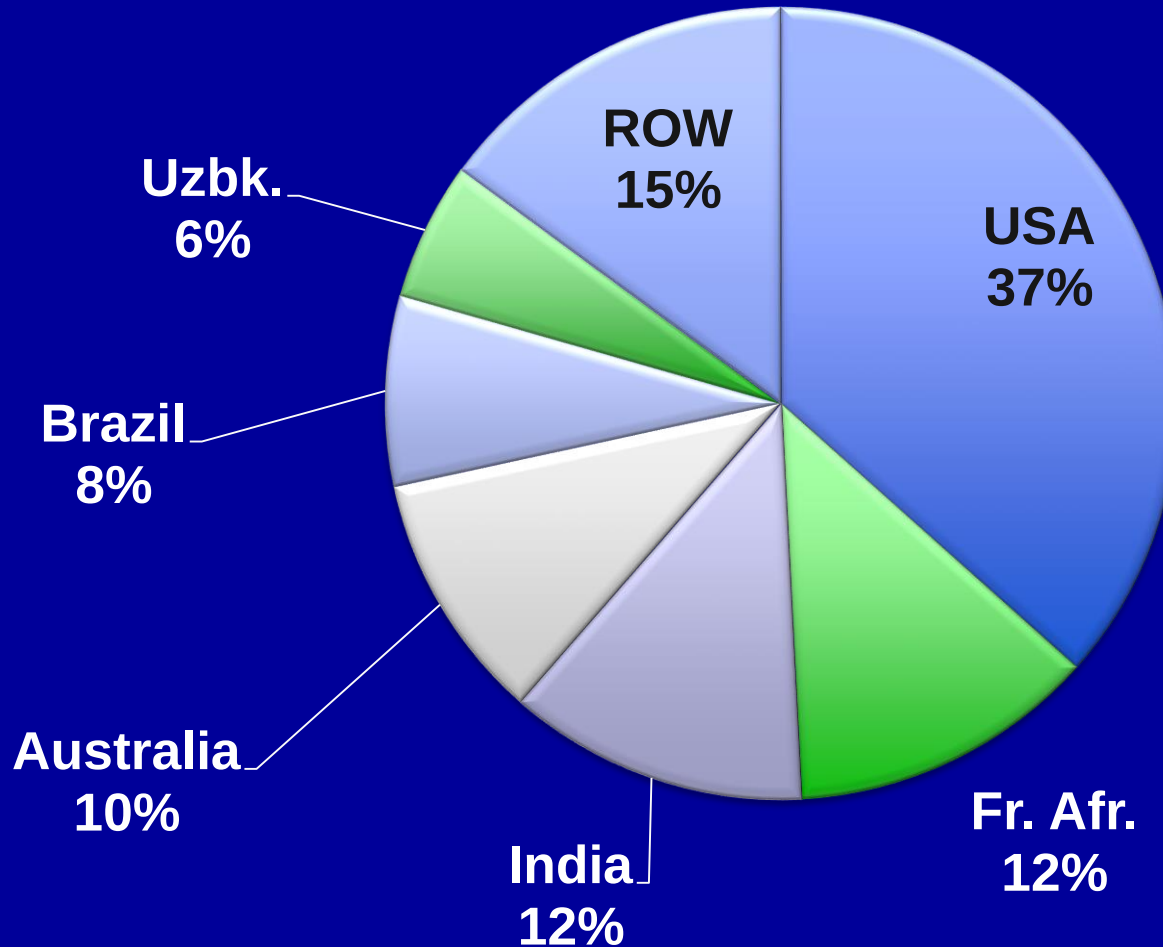
Million tons



Cotton Exports by Country

2016/17

7.8 Million tons



Direct Assistance to Cotton Production

- Direct support to production
- Border protection
- Crop insurance subsidies
- Minimum support price mechanisms
- Input subsidies
- Transportation subsidies



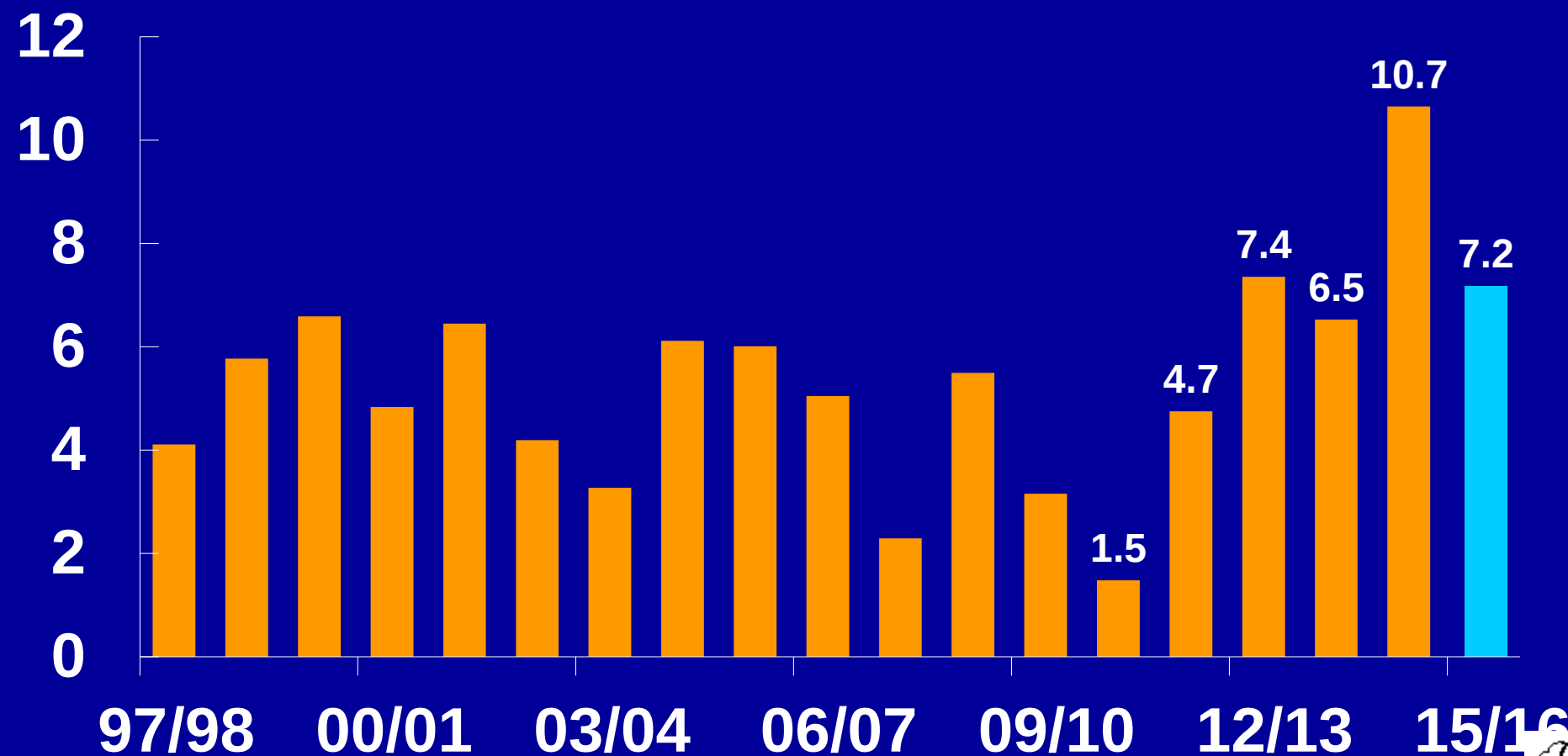
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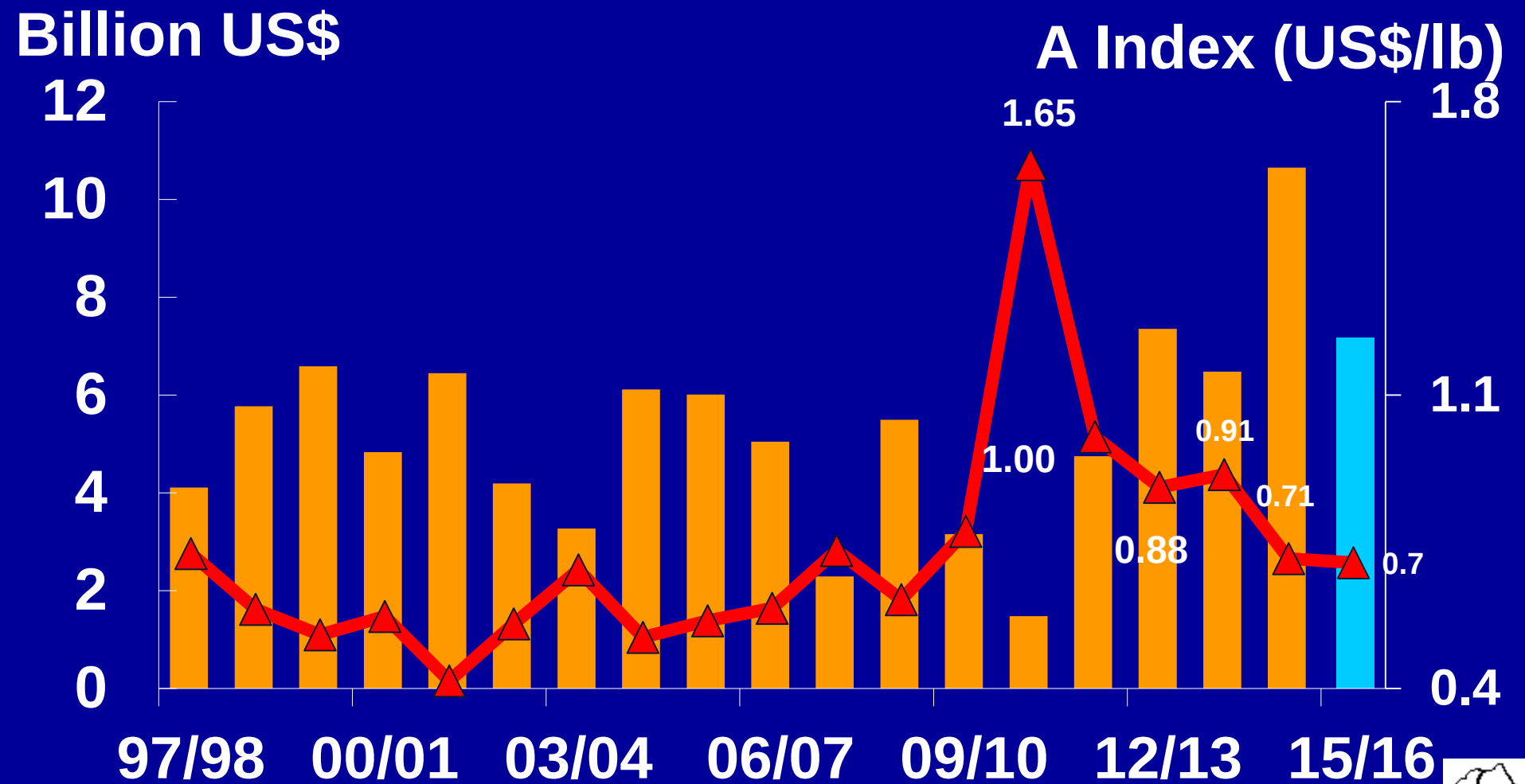


DIRECT ASSISTANCE TO COTTON

Billion US\$

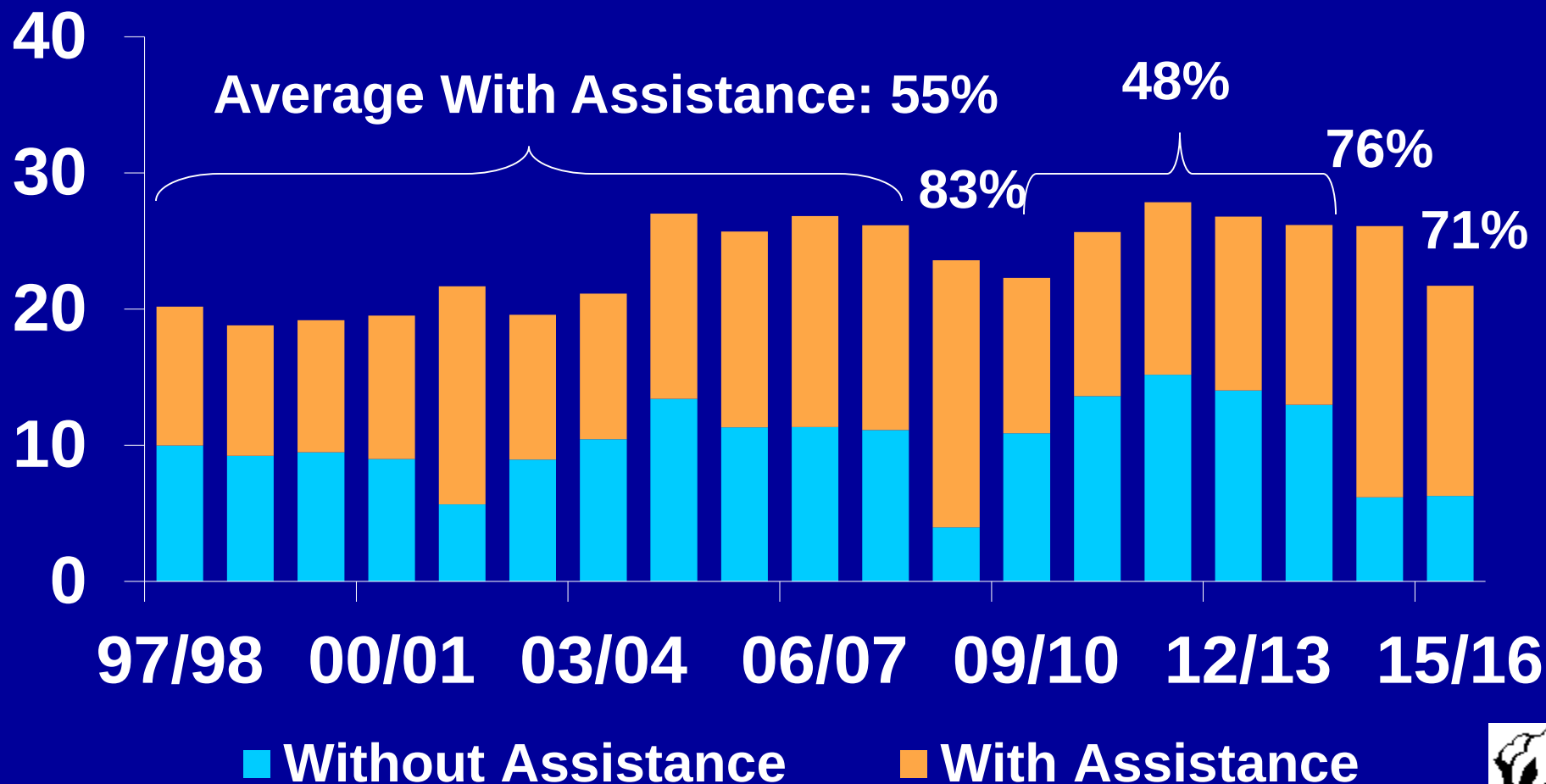


DIRECT ASSISTANCE TO COTTON AND PRICES



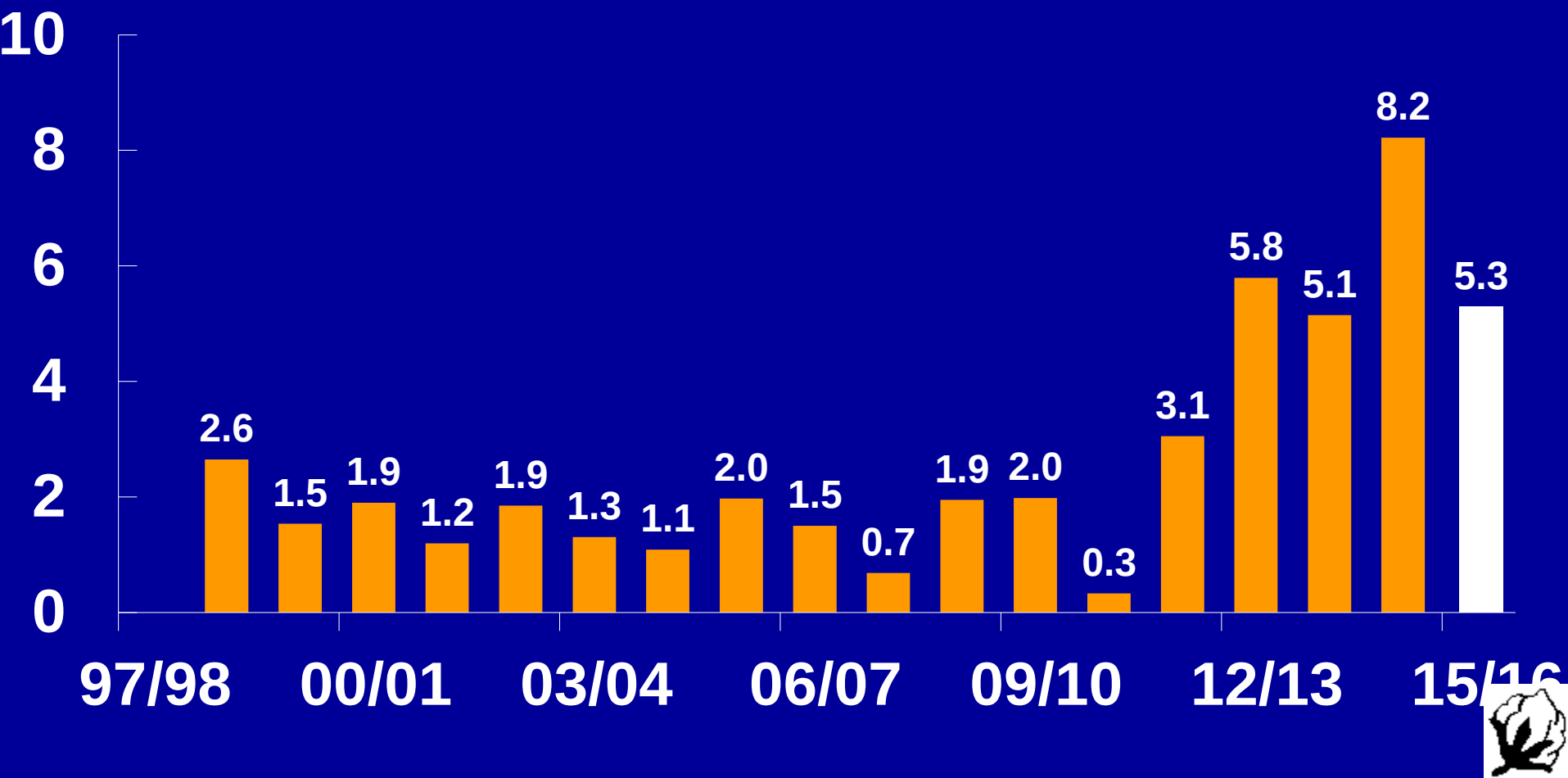
WORLD PRODUCTION UNDER DIRECT ASSISTANCE

Million Tons



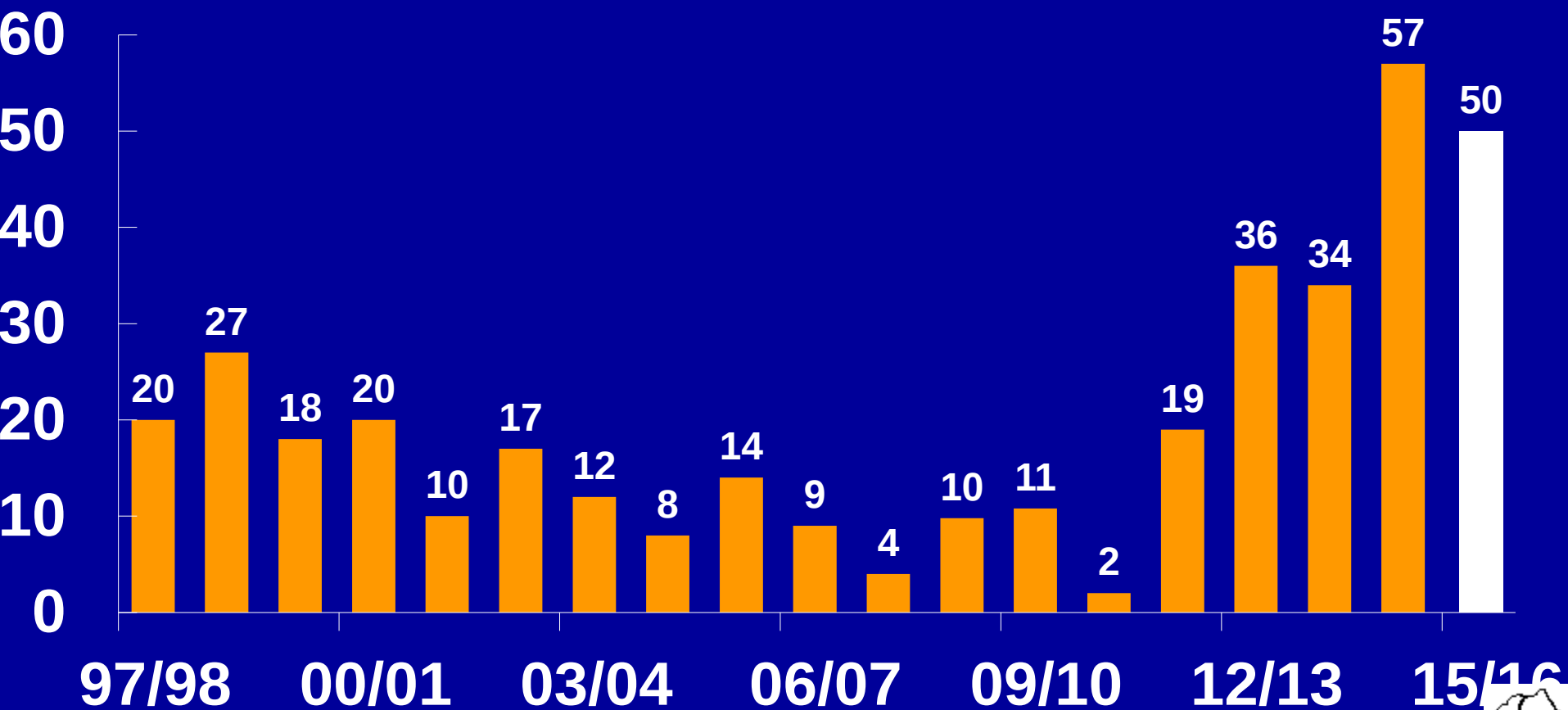
CHINA: DIRECT ASSISTANCE

Billion US\$



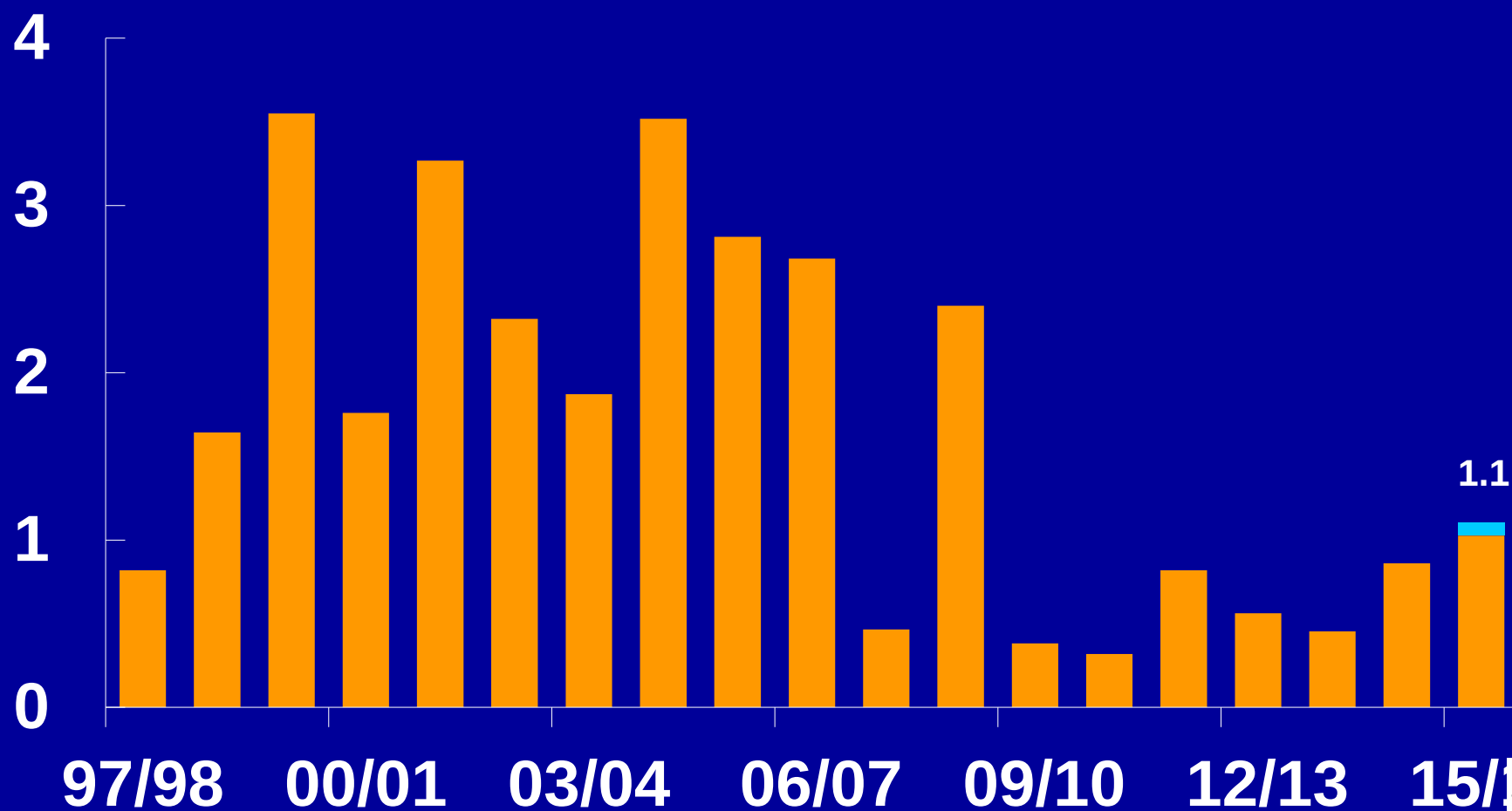
CHINA: DIRECT ASSISTANCE

US cents/lb



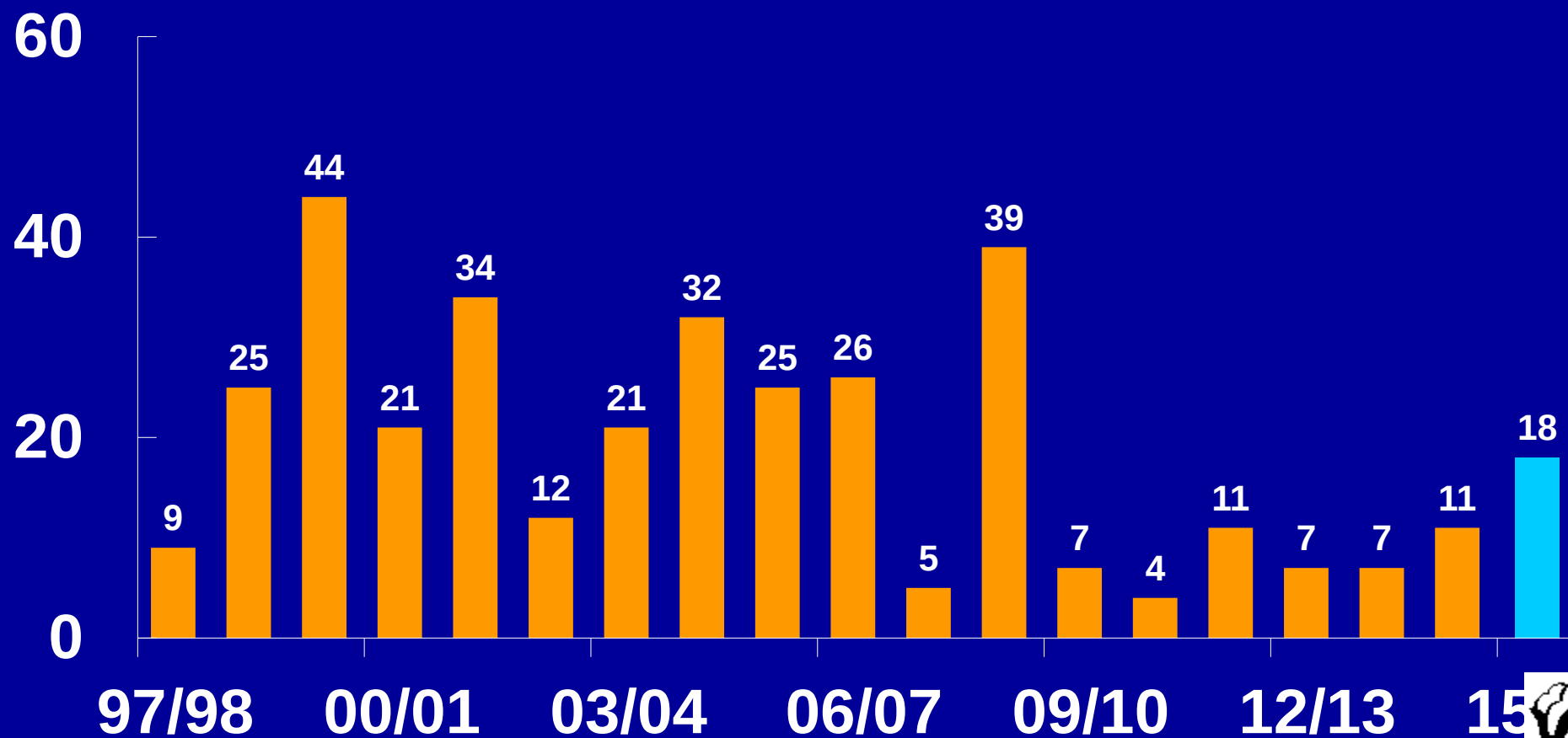
USA: DIRECT ASSISTANCE

Billion \$



USA: DIRECT ASSISTANCE TO PRODUCTION

Cents per Pound

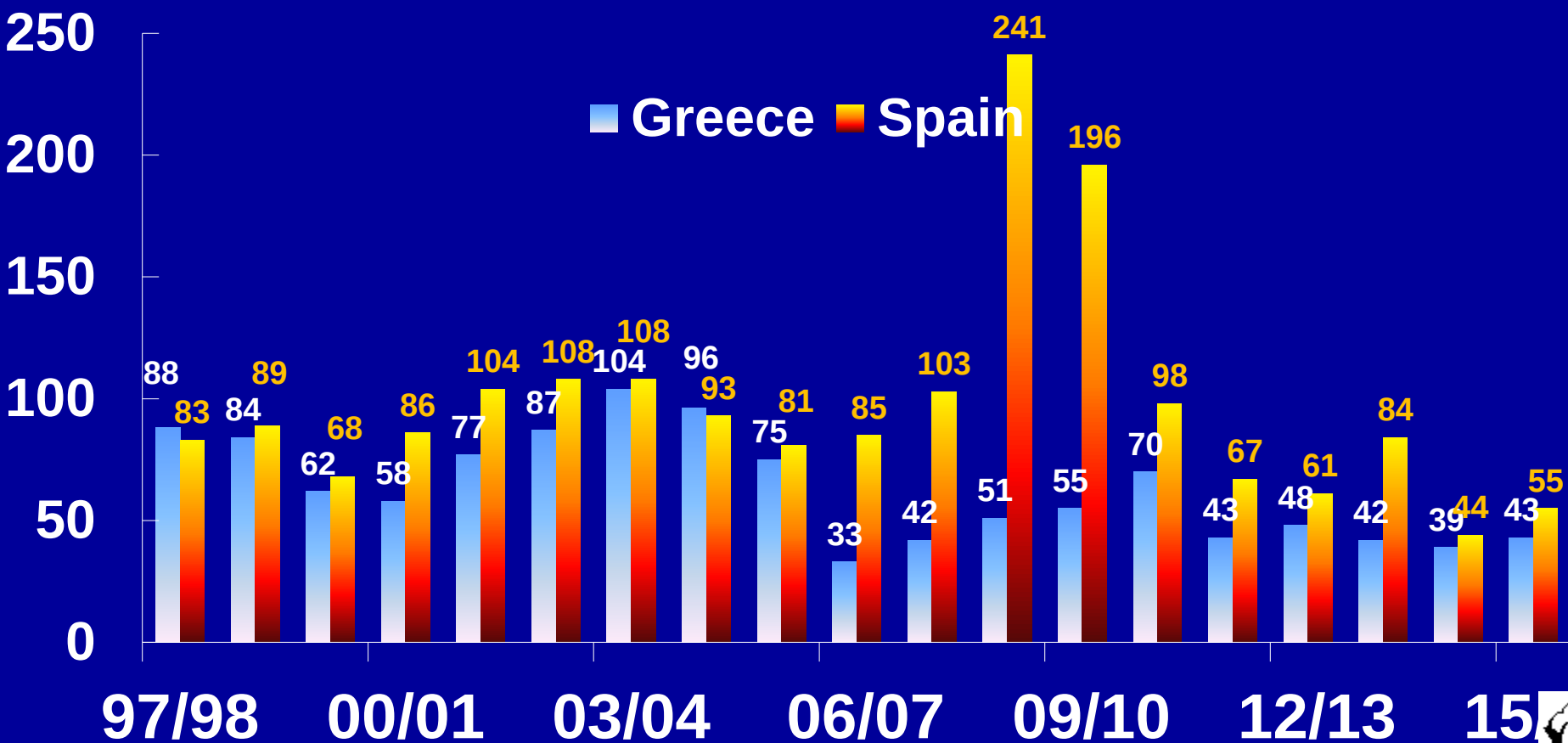


INDIA: Minimum Support Price (MSP)

- Medium Staple per 100 kilograms of seed cotton:
 - 2011/12 Rs. 2800 (\$0.71 per pound)
 - 2012/13 Rs. 3600 (\$0.88 per pound)
 - 2013/14 Rs. 3900 (\$0.85 per pound)
 - 2014/15 Rs. 3950 (\$0.85 per pound)
 - 2015/16 Rs. 4000 (\$0.80 per pound)

EUROPEAN UNION: DIRECT ASSISTANCE

Cents Per Pound

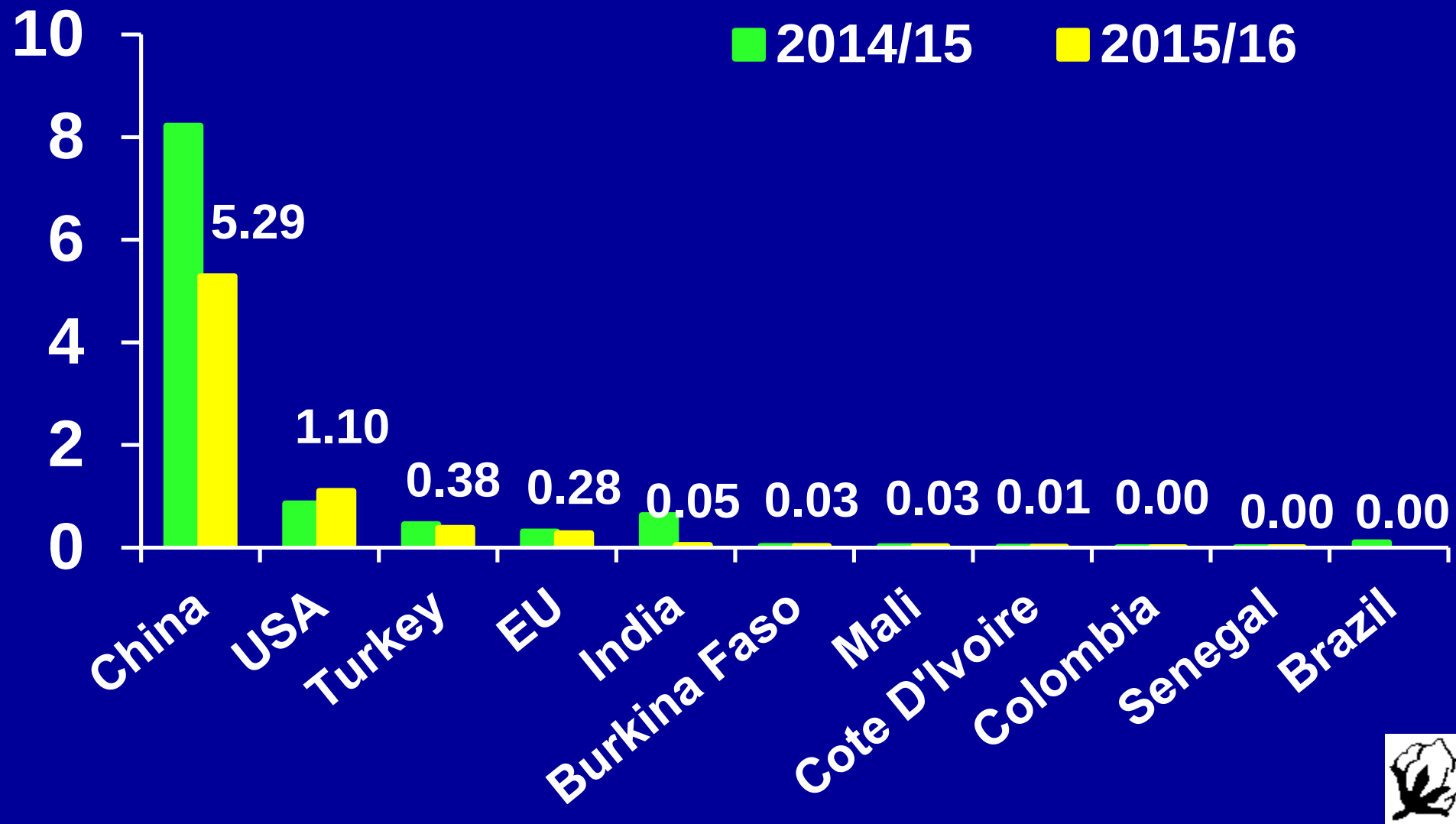


TURKEY: DIRECT ASSISTANCE

- Premium per kilogram of seed cotton:
 - From certified seeds: 0.75 TRL (\$0.29)
- Total Direct Assistance:
 - 2014/15: \$452 million
 - 2015/16: \$381 million

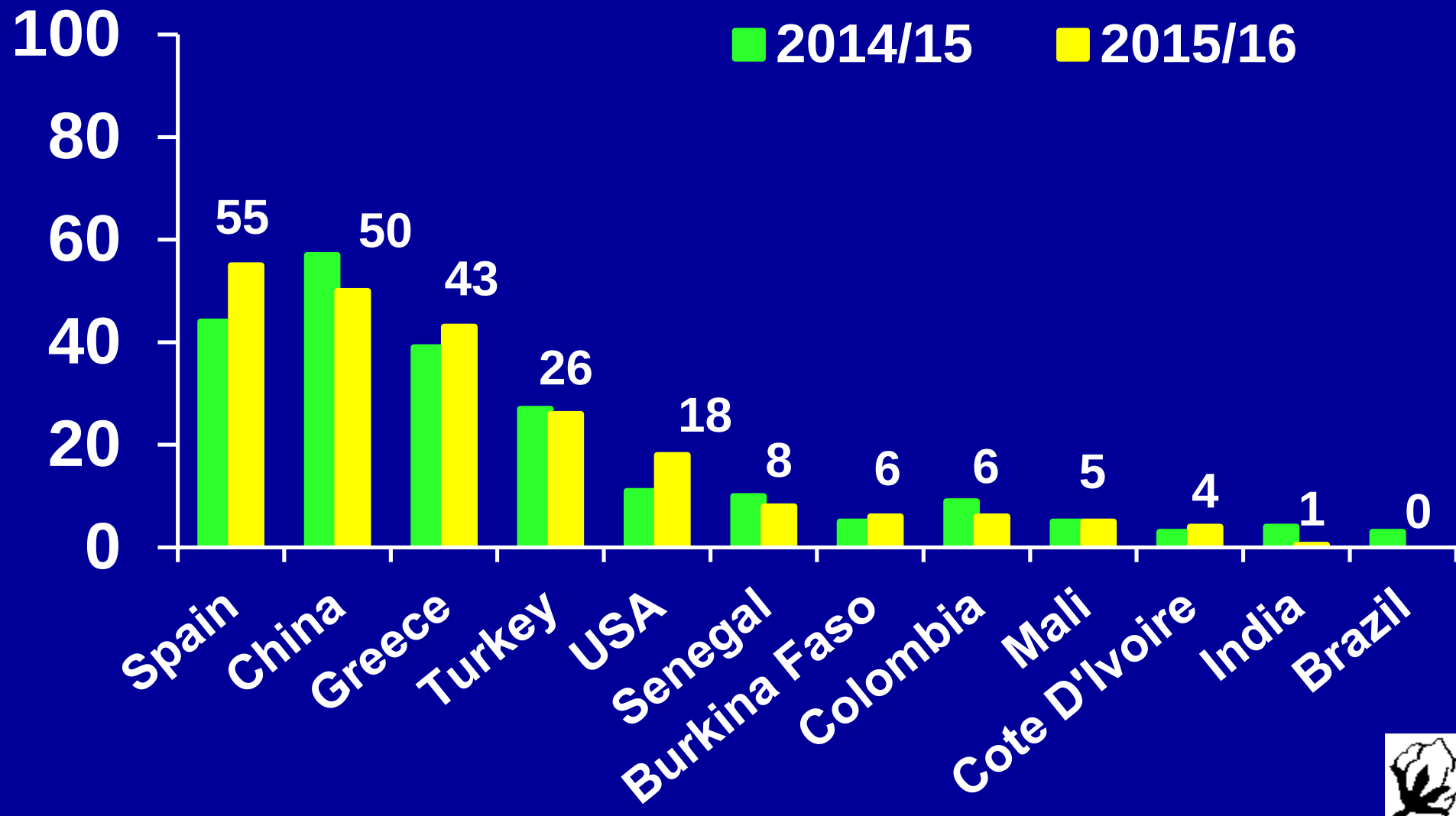
DIRECT ASSISTANCE TO COTTON

Billion US\$



DIRECT ASSISTANCE TO COTTON

Cents/Lb.

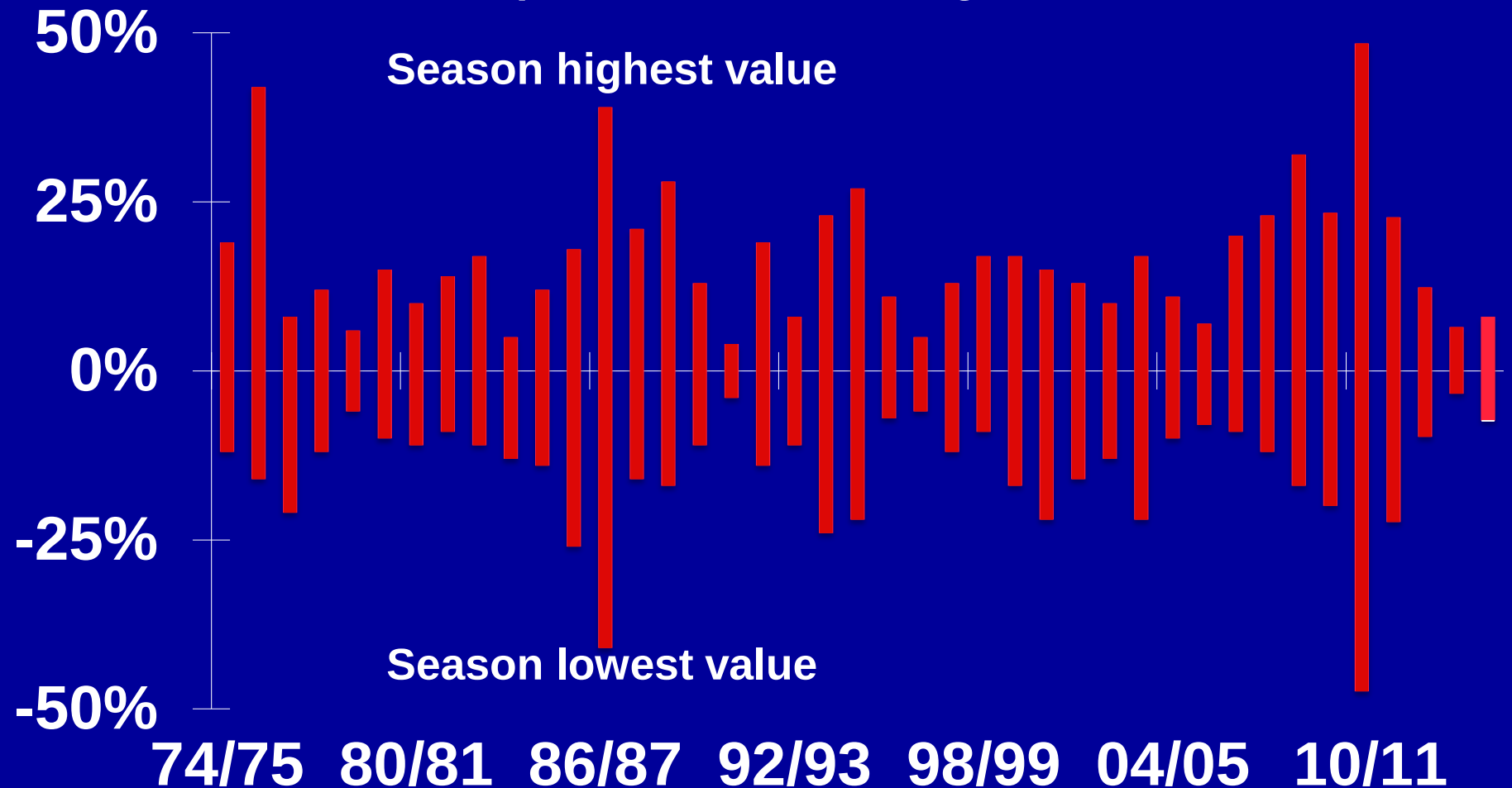


Trade Facilitation Measures

- Enforcement of Arbitral Awards
- Harmonization of Trading Rules
- Phytosanitary Certificates, Model FAO
- Electronic Documents
- World Bale Numbering System
- Standardized Instrument Testing System
- Elimination of Government Interventions
- Improved Market access

Price Volatility by Season: Daily Cotlook A Index

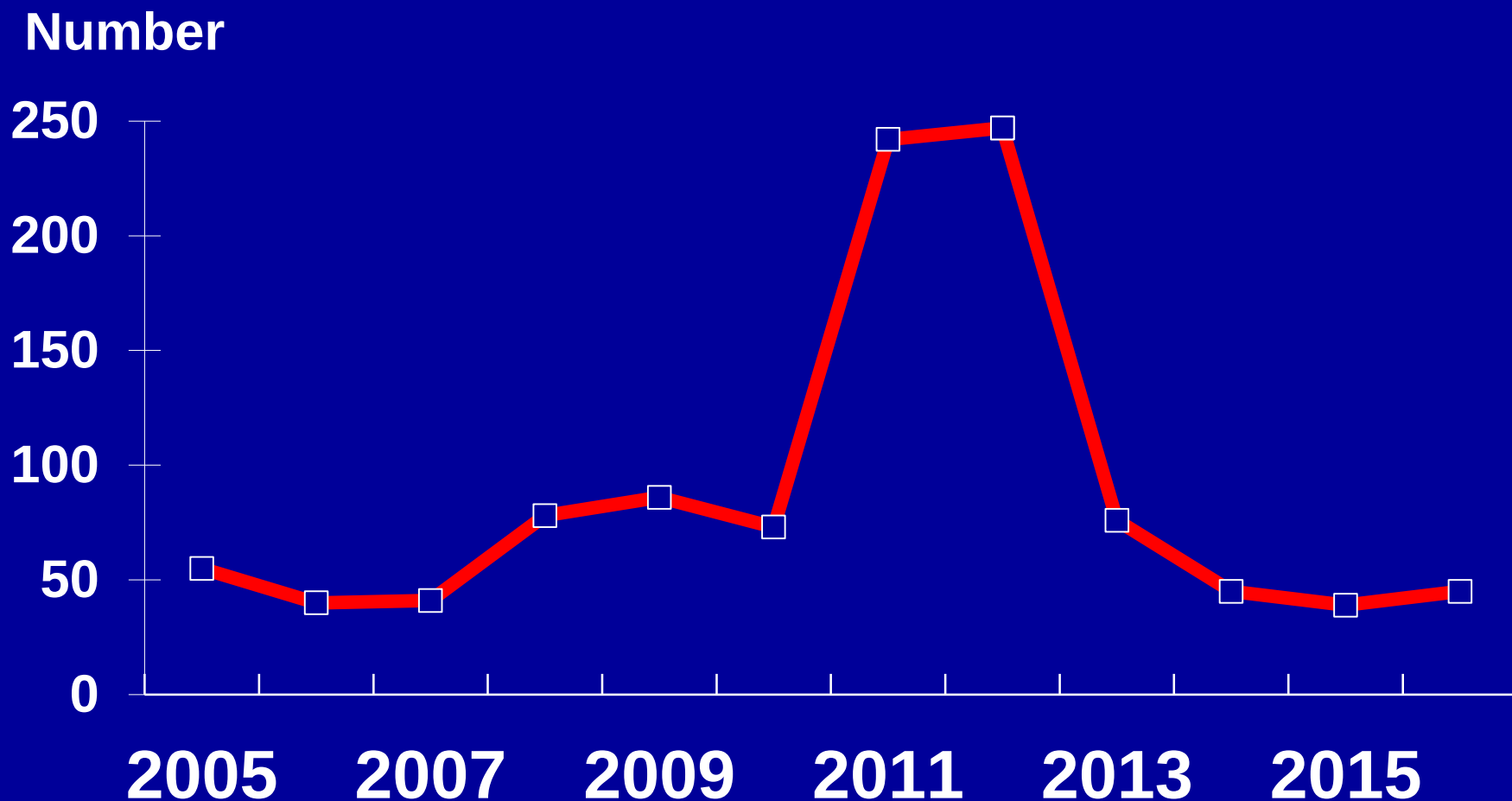
Difference with respect to season average



2013/14: August-September 2013



ARBITRATION CASES AT ICA



Outlook for Merchants

- Fewer and bigger (↑ concentration)
- More multi-commodity merchants
- Fewer cotton-only merchants



Increasing Capital Requirements

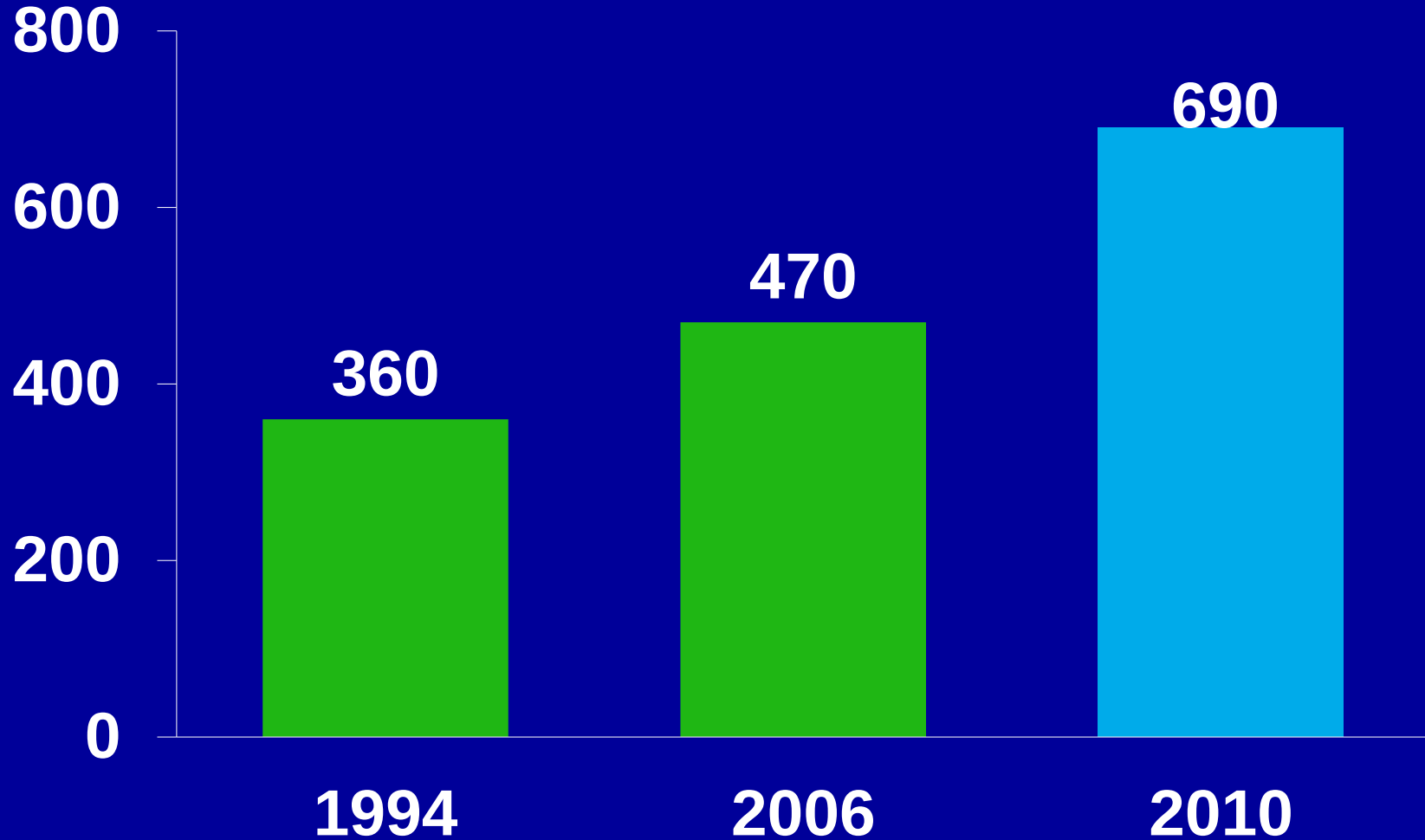
2007: \$6 loan per \$1 equity

2010 & 2012: \$3 loan per \$1 equity



Bigger merchants command bigger sales

Average Sales Volume,
Thousand tons



Net Cost of Cotton Production

U.S. \$/Kg of Lint

