COST OF PRODUCTION OF RAW COTTON

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TECHNICAL INFORMATION SECTION

OBJECTIVES

1. Provide update on production research
2. Provide information on cotton research programs
3. Develop lines of communications among researchers
4. Supervise production research CFC projects

TECHNICAL INFORMATION SECTION

1. Provide update on production research
   - *THE ICAC RECORDER*
   - Technical Seminar at the Plenary Meetings
   - Review articles
   - Occasional reports

TECHNICAL INFORMATION SECTION

2. Provide information on cotton research programs
   - *Current Research Projects - 2003*
   - *Cotton Production Practices - 2002*
   - *Cost of Production - 2001*

TECHNICAL INFORMATION SECTION

3. Facilitate communications among researchers
   - World Cotton Research Conferences
     - WCRC-1, WCRC-2, WCRC-3, WCRC-4 (USA in 2007)
   - Regional Networks
     - Latin American Association for Cotton Research and Development - ALIDA
     - Mediterranean & Middle East Cotton Network
     - Southern and Eastern African Cotton Forum - SEACF
     - Asian Cotton Research and Development Network - ACRDN

TECHNICAL INFORMATION SECTION

4. Supervise Common Fund for Commodities Projects
   - ICAC is a recognized Int. Commodity Body on Cotton
     - 15 projects, over US$17 million grant

COST OF PRODUCTION

COST OF PRODUCTION - METHODOLOGY

- Pre sowing - Rent, presoaking irrigation, etc.
- Sowing - Seed, herbicides, fertilizers, etc.
- Growing - Thinning, weeding, fertilizers, insecti., etc
- Harvesting - Picking, stick cutting
- Ginning - Transportation, ginning, classing
- Economic - Management, interest, repairs, etc.
- Fixed - Tractors, power supply, etc.

COST OF PRODUCTION - METHODOLOGY

Operation/Item	Unit	Quantity/ha	Cost/unit	Cost in local currency	Cost in US$
1. Pre sowing Land rent ..... Sub total					
2. Sowing Seed ..... Sub total					

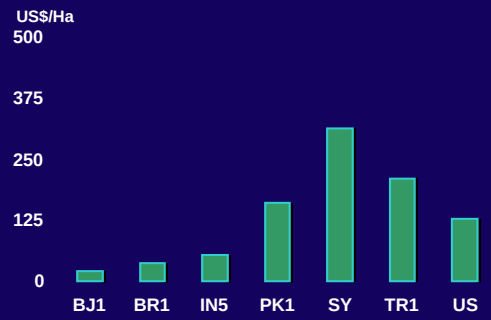
COST OF PRODUCTION

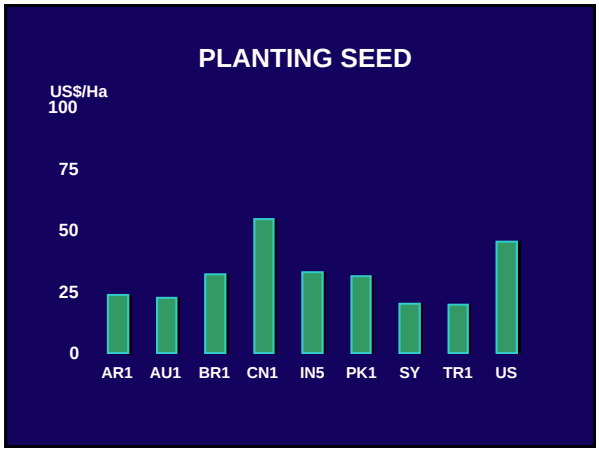
• Argentina	(AR1)	- Santiago del Estero
• Australia	(AU1)	- New South Wales
• Benin	(BJ1)	- North Zone
• Brazil	(BR1)	- Cerrado
• China, M	(CN1)	- Yellow River Valley
• India	(IN5)	- South, Hybrids
• Pakistan	(PK1)	- Punjab
• Syria	(SY)	- National Average
• Turkey	(TR1)	- Aegean
• USA	(US)	- National Average

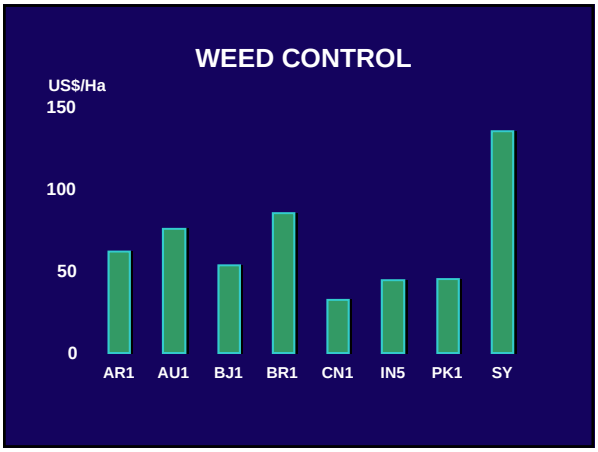
INTERCOUNTRY COMPARISON LIMITATIONS

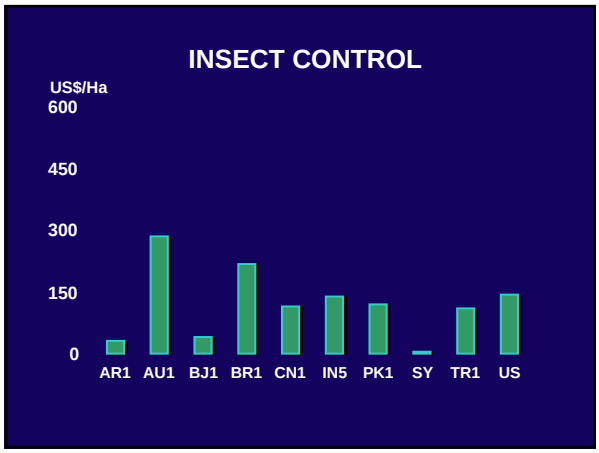
- Inputs are free or subsidized
- Complete/uniform data not available
- Farmers sell seedcotton vs lint
- Economic and fixed costs not determined
- Opportunity not determined

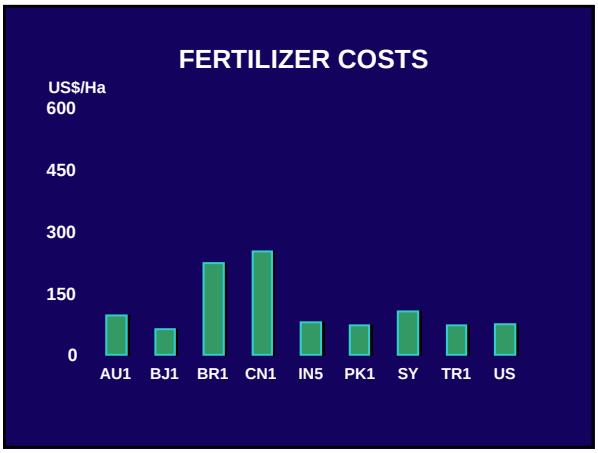
LAND RENT

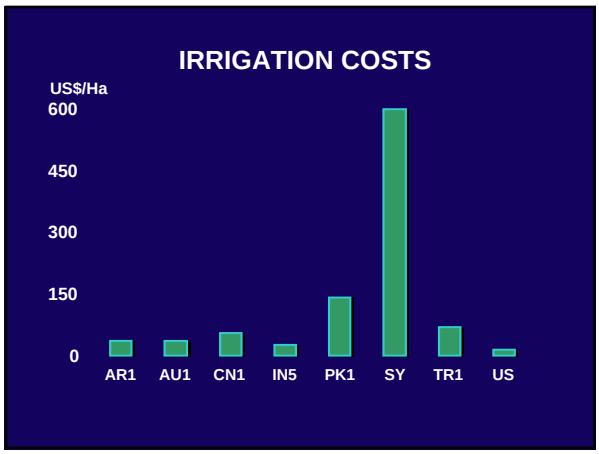


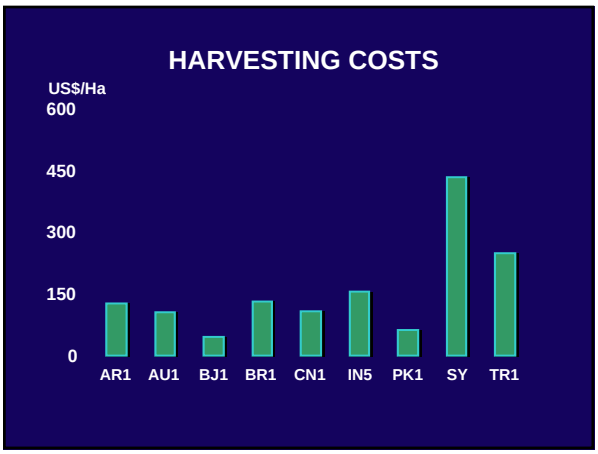

PLANTING SEED
US$/Ha
100
75
50
25
0
AR1
AU1
BR1
CN1
IN5
PK1
SY
TR1
US

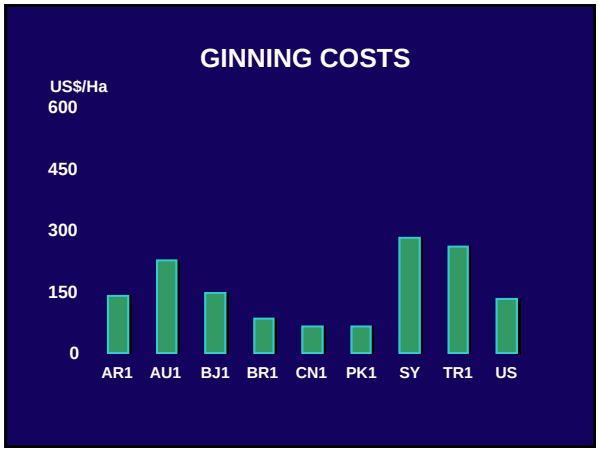

WEED CONTROL
US$/Ha
150
100
50
0
AR1
AU1
BJ1
BR1
CN1
IN5
PK1
SY

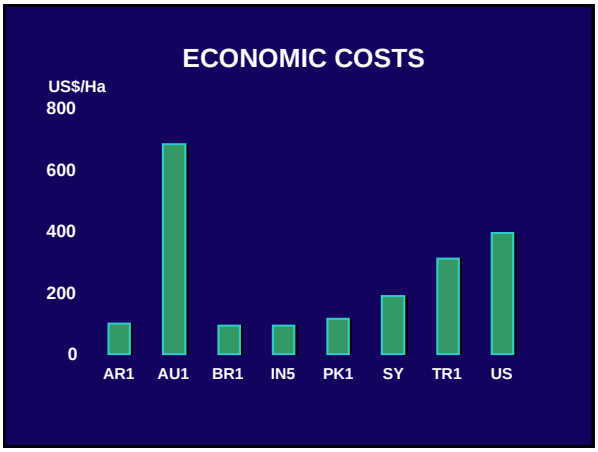

INSECT CONTROL
US$/Ha
600
450
300
150
0
AR1
AU1
BJ1
BR1
CN1
IN5
PK1
SY
TR1
US

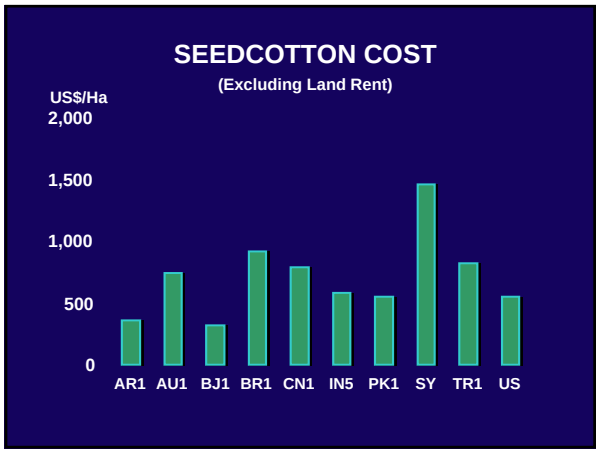

FERTILIZER COSTS
US$/Ha
600
450
300
150
0
AU1
BJ1
BR1
CN1
IN5
PK1
SY
TR1
US


IRRIGATION COSTS
US$/Ha
600
450
300
150
0
AR1
AU1
CN1
IN5
PK1
SY
TR1
US

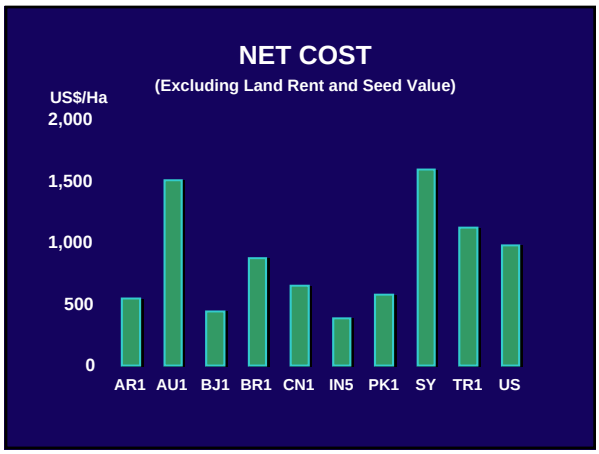

HARVESTING COSTS
US$/Ha
600
450
300
150
0
AR1
AU1
BJ1
BR1
CN1
IN5
PK1
SY
TR1

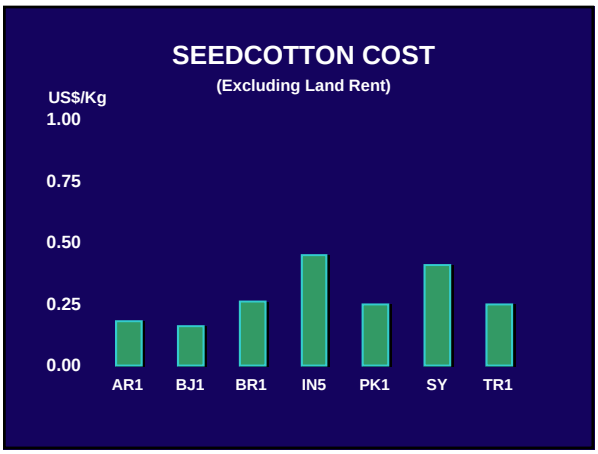

GINNING COSTS
US$/Ha
600
450
300
150
0
AR1 AU1 BJ1 BR1 CN1 PK1 SY TR1 US


ECONOMIC COSTS
US$/Ha
800
600
400
200
0
AR1 AU1 BR1 IN5 PK1 SY TR1 US

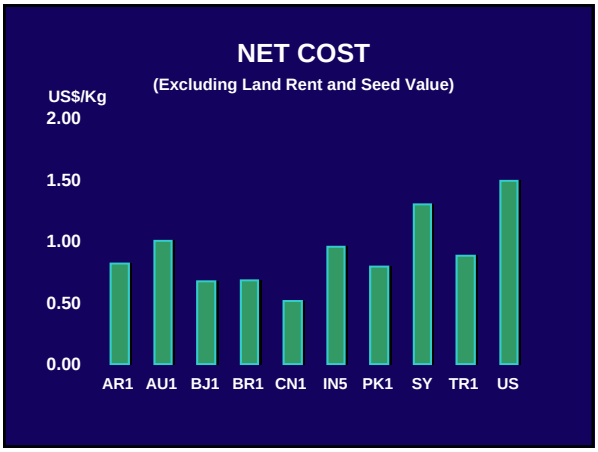

SEEDCOTTON COST
(Excluding Land Rent)
US$/Ha
2,000
1,500
1,000
500
0
AR1 AU1 BJ1 BR1 CN1 IN5 PK1 SY TR1 US

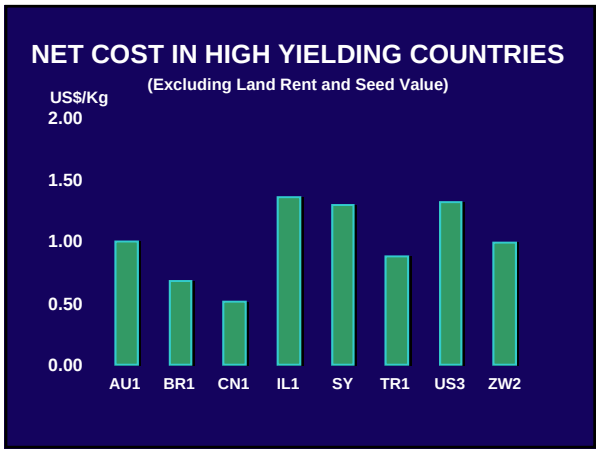

OWNERSHIP COST
(Excluding Land Rent)
US$/Ha
2,000
1,500
1,000
500
0
AR1 AU1 BR1 CN1 IN5 PK1 SY TR1 US

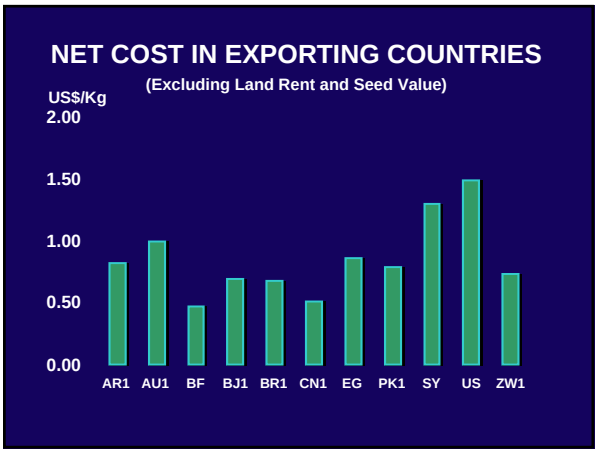

NET COST
(Excluding Land Rent and Seed Value)
US$/Ha
2,000
1,500
1,000
500
0
AR1 AU1 BJ1 BR1 CN1 IN5 PK1 SY TR1 US


SEEDCOTTON COST
(Excluding Land Rent)
US$/Kg
1.00
0.75
0.50
0.25
0.00
AR1 BJ1 BR1 IN5 PK1 SY TR1

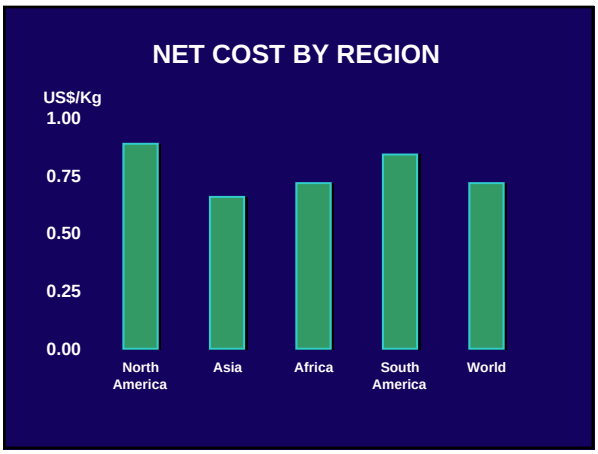

OWNERSHIP COST
(Excluding Land Rent)
US$/Kg
2.00
1.50
1.00
0.50
0.00
AR1 AU1 BJ1 BR1 CN1 IN5 PK1 SY TR1 US


NET COST
(Excluding Land Rent and Seed Value)
US$/Kg
2.00
1.50
1.00
0.50
0.00
AR1 AU1 BJ1 BR1 CN1 IN5 PK1 SY TR1 US

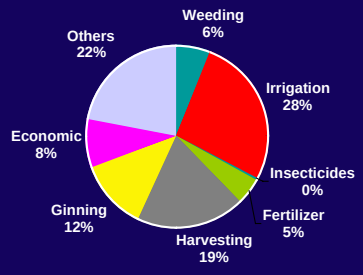

NET COST IN HIGH YIELDING COUNTRIES
(Excluding Land Rent and Seed Value)
US$/Kg
2.00
1.50
1.00
0.50
0.00
AU1 BR1 CN1 IL1 SY TR1 US3 ZW2


NET COST IN EXPORTING COUNTRIES
(Excluding Land Rent and Seed Value)
US$/Kg
2.00
1.50
1.00
0.50
0.00
AR1 AU1 BF BJ1 BR1 CN1 EG PK1 SY US ZW1

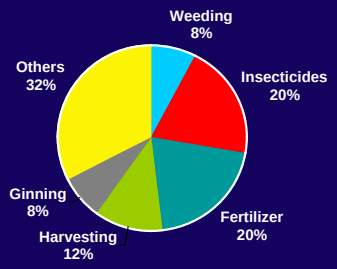

COST OF SEEDCOTTON BY REGION
US$/Kg
0.50
0.40
0.30
0.20
0.10
0.00
North America
Asia
Africa
South America
World


NET COST BY REGION
US$/Kg
1.00
0.75
0.50
0.25
0.00
North America
Asia
Africa
South America
World

COST STRUCTURE IN SYRIA



COST STRUCTURE IN BRAZIL(Cerrado)



LONG TERM CONCLUSIONS

- Inputs use has optimized - slow increases
- Increase in total cost will increase cost/kg
- High cost is more important than low yields
- Rainfed cost/kg is higher than irrigated