



INTERNATIONAL COTTON ADVISORY COMMITTEE
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From the Secretariat

ICAC Press Release, March 1st, 2013

Ferocious Chinese Buying Spree Continues

The Secretariat projects China's cotton stock at 8 million tons, equivalent to 47% of global stock, at the end of 2012/13 season. Last season the Chinese government purchased over 3.12 million tons of cotton for state reserves at a floor price well above the world market price. Consequently, the gap between domestic and world prices triggered record imports of 5.3 million tons contributing to a buildup of domestic stocks estimated at 6.2 million tons at the end of 2011/12. The Chinese cotton reserve continues to expand into this season at a ferocious rate, adding close to 6 million tons of cotton between September 2012 and January 2013.

To a large extent, China's development and trade policies have been shaping the development of cotton in China. In the recent *No.1 Central Document*, an annual document that details China's policy priorities, the government reiterated ensuring grain security and supplies of major farm produce as this year's top priority, thus China is likely to continue to conduct temporary state reserves of cotton. On the other hand, with the ending stocks-to-use ratio estimated at 0.97 for the current season, domestic cotton consumption is almost secured, an indication that the cotton reserve buildup could slow down in the coming months, with projected total imports of 2.9 million tons this season.

As for the rest of the cotton world, no major news has been reported since the Secretariat's February report, thus maintaining the world production projection at 26 million tons and the consumption projection at 23 million tons for 2012/13. Global production is forecast to decline 14% to 22 million tons while consumption would remain stable at 23 million tons in 2013/14.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
	Million Tons			Changes from previous month Million Tons		
Production	27.44	26.26	22.56	0.00	0.31	-0.64
Consumption	22.78	23.31	23.79	0.00	0.02	-0.23
Imports	9.71	8.30	7.93	-0.01	0.60	0.06
Exports	9.93	8.30	7.93	0.00	0.00	0.06
Ending Stocks	14.05	17.00	15.77	0.00	0.28	-0.13
Cotlook A Index*	1.00	87*				

* The price projection for 2012/13 is based on the ending stocks/mill use ratio in the world-less-China in 2010/11 (estimate), in 2011/12 (estimate) and 2012/13 (projection), on the ratio of Chinese net imports to world imports in 2011/12 (estimate) and 2012/13 (projection), and on the average price for the first seven months of 2012/13.
95% confidence interval: 78 to 100 cents per pound.

(Press releases are available via e-mail. For further information, please contact us at Publications@icac.org)

The International Cotton Advisory Committee is an association of governments of cotton producing and consuming countries. The Secretariat of the Committee publishes information related to world cotton production, supply, demand and prices, and provides technical information on cotton production technology. Detailed statistics are found bimonthly in COTTON: Review of the World Situation, \$150 per year. A monthly outlook is available on the Internet for \$300 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$460 per year.