



## COTTON FACT SHEET ARGENTINA

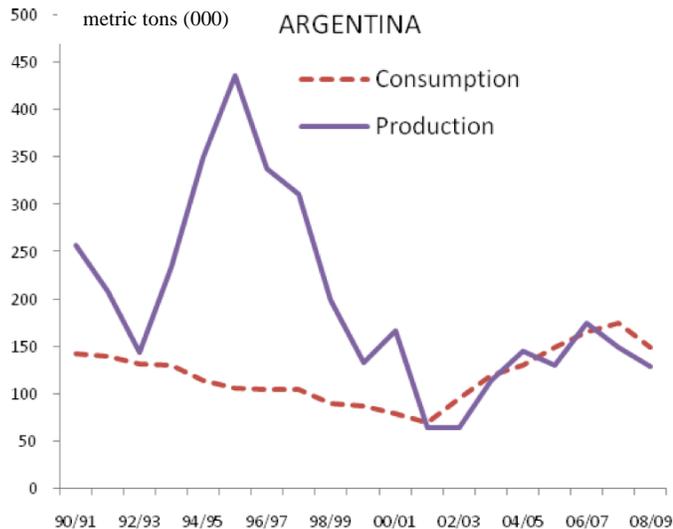
Argentina has the 23<sup>rd</sup> largest economy in the world with a GDP at USD570.5 billion. The GDP per capita is USD14,354 ranked 57<sup>th</sup> (2008 estimates).

### OVERVIEW

Argentina is a medium sized cotton producing and consuming country. Cotton is one of the principal agricultural products in addition to cereals, oil grains and seeds, sugar, fruit, wine, tea and tobacco. Although Argentina is an average sized consumer of cotton (this is true the Northern regions of Argentina), mill use has been increasing since 2001/02. The current volume of domestic mill use is estimated at 165,000 tons (2007/08).

### ECONOMICS

Production in 2007/08 totaled 150,000 tons, with an average yield of approximately 618 kilograms/hectare. Recent projections by ICAC place production in 2008/09 and in 2009/10 at 130,000 at 134,000 tons, respectively.



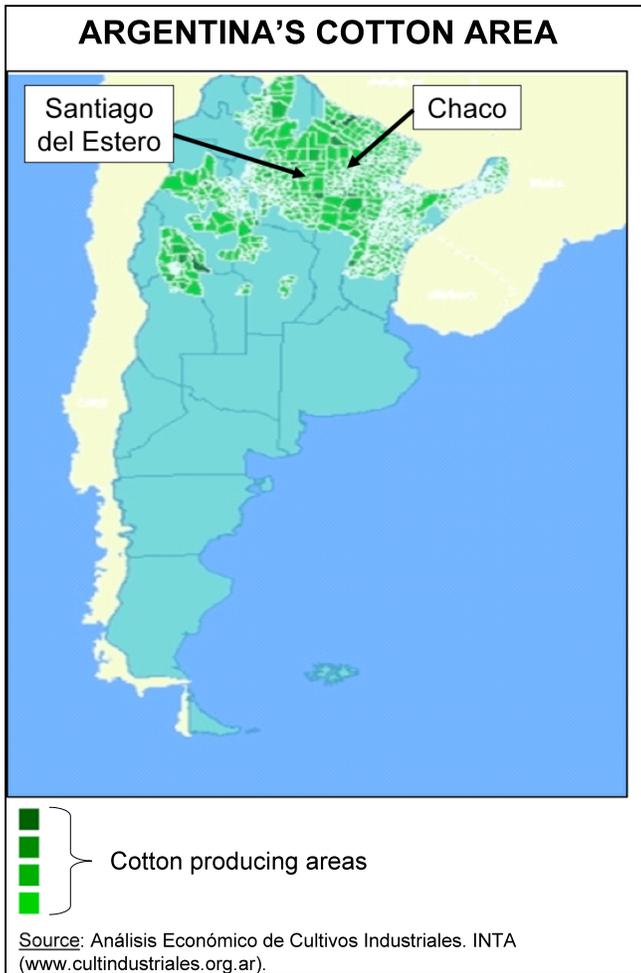
Argentina has traditionally been an exporter of cotton. During the 1994/95 season, exports jumped to 208,000 tons. Exports remained above 205,000 tons for the next half decade. However, they declined significantly between the end of the 1990's and the middle of the current decade due to the decline in production. In 2006/07, exports amounted to 7,000 tons. Current projections place Argentina's exports at a lower level of 3,000 tons in 2008/09. The drop in cotton production and subsequent exporting is attributed to a decline in international prices and adverse weather conditions.

Argentina has never been a large importer of cotton. Of recent however, this trend has started to change due to the increasing demand of raw material from the textile industry. During the course of 2007/08, imports amounted to 33,000 tons. ICAC projects that in 2008/09, Argentina will import approximately 24,000 tons. Argentina imports most of its cotton from Brazil.

The textile industry experienced expansion at a moderate rate. During 2004 – 2007 the sector grew by a significant 31% and the use of installed capacities stabilized over those four years at about 79%. In terms of labor capacity, the textile industry directly employed approximately 466,000 people during 2007/08. Placed in perspective, the number of industrial jobs in the textile sector in 2006/07 accounted for 10% of the country's total industrial employment.



## PRODUCTION CHARACTERISTICS



The majority of cotton production takes place in the Chaco province, located in the north of the country, near the border with Paraguay. Frequent droughts have made parts of the Chaco province desert-like. However, torrential rains and occasional floods create areas of rainforest habitat and land suitable for cotton growth. Chaco continues to be the largest producing region with more than half of the planted area, followed by Santiago del Estero. The two provinces together, accounted for 81 to 85 percent of the total cotton area in Argentina in 2007/08. Similarly they accounted for 85% of total cotton production in the same period. Total planted cotton area in 2007/08 amounted to 325,000 hectares, a 22% drop from the previous season. Farm size ranges from 11.5 hectares to 50 hectares in North West. Close to 90 % of the cotton area is rain fed.

Argentina has developed 20 varieties of cotton. However, it grows mainly the following cultivars: *Guazuncho 3 INTA*, *Chaco 530 INTA*, *Oroblanco 2 INTA* and *La Banda 300 INTA*. The aforementioned cultivars have characteristics such as: resistances to diseases, adaptability to narrow and ultra-narrow planting, open foliage facilitating pest control, and production of excellent technological fiber quality yields.

The cotton industry is employing new technologies in order to produce significant gains in all aspects of the cotton industry, especially in competitiveness and in environmental sustainability. Two technologies stand out: the implementation of biotechnology and the use of narrow row planting. Biotech cotton accounts for an estimated 25% of total cotton area. The materials being used contain an RR gene resistant to herbicides (glyphosate), as well as Bt materials resistant to insects. Narrow

row planting (coupled with numerous other factors such as high population density, new spatial designs, regulation of plant height and fructification) has contributed to yield gains in recent years.

## STRUCTURE OF INDUSTRY

Most of Argentina's cotton initiatives and programs are headed by the Department of Agriculture, Cattle, Fishing and Food (SAGP&A) and the National Institute for Agricultural Technology (INTA) which in actuality is a decentralized agency under SAGP&A. There are additional extension programs such as the Union of Agricultural Cotton Cooperatives Limited (UCAL), and the Professional Council of Agronomical Engineers of the Chamber of Cotton Ginners. Furthermore, the provincial governments in which the majority of the cotton planting occurs have some input as well (i.e. provincial Government of Chaco, the Government of Formosa).

## ISSUES

Argentina is yet to progress in the area of fertilizer utilization. Current farming techniques would suggest that farmers would rather let fields lay fallow as opposed to utilizing fertilizer and maximizing soil usage.

In addition, Argentine cotton has been suffering from a major phytosanitary issue. A particularly resistant species of boll weevil is a main factor limiting cotton production in the country. The most significant measure to deal with that issue is a project designed to ensure that in the very near future the country will have its "Phytosanitary Sustainability Fund for Argentine Cotton Production". This instrument will help ensure financing for actions currently being implemented within the framework of the National Program for Prevention and Eradication of the Cotton Boll Weevil, and will help support the fight against other pests affecting cotton production in the country.