



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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From Where Come China's Cotton Imports?

In March 2013, the A Index rose to 98.85 cents per pound on the 18th before receding to 93.15 cents per pound on March 26. The recent surge in cotton prices may be due to concerns about a tightening supply-demand balance outside of China as China continues to build reserves.

The United States used to be 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. Last season, India overtook the United States, exporting 1.94 million tons of cotton to China. However, midway through this season, Australia has surpassed both India and the United States, exporting 578,000 tons of cotton into China. Compared to the same period last season, Brazilian and Uzbek exports to China remained stable at 284,500 tons, and 189,000 tons, respectively. For the past five seasons, African countries contributed, on average, 10% of total exports to China. In 2011/12 Africa exported a total of 482,700 tons of cotton to China. The top three exporting countries were Burkina Faso, Cameroon, and Benin. During the first seven months of the current season, Mali, Zambia, and Zimbabwe has already exported a total of 125,000 tons of cotton to China.

Planting is starting in the northern hemisphere, a 2% reduction in planting area is expected while the average yield is forecast at 754 kg/ha, almost the same as in the previous season. The projected planted area of 30.8 million hectares (90% of the world total) is expected to produce 23.2 million tons of cotton (89% of the world total). This season US cotton production is expected to increase from 3.4 million tons to 3.7 million tons, China is expected to decrease cotton production slightly from 7.4 million tons to 7.3 million tons, and India is expected to decrease cotton production from 6 million tons to 5.6 million tons.

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 | 26.01 | 23.47 | 0.00 | -0.24 | 0.91 |
| Consumption | 22.78 | 23.41 | 23.71 | 0.00 | 0.10 | -0.07 |
| Imports | 9.82 | 8.74 | 8.13 | 0.11 | 1.05 | 0.20 |
| Exports | 9.99 | 8.74 | 8.13 | 0.06 | 0.45 | 0.20 |
| Ending Stocks | 14.08 | 16.69 | 16.44 | 0.03 | -0.31 | 0.67 |
| Cotlook A Index* | 1.00 | 90.00* | 118.000** | | | |

* 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 eight months of 2012/13.
95% confidence interval: 78 to 100 cents per pound.

** The price projection for 2013/14 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 price projection for 2012/13.
95% confidence interval: 95 to 147 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.