Structural Changes in the World Cotton Market Linked to the End of MFA Quotas

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Prices, GDP and Textile Fiber Consumption

Change in GDP & Textile consumption

Real Textile Fiber Price Index (1990=100)

GDP
Textile Consumption
RTFPI
Market Share of Cotton Textiles

Percentage

Cotton Textile Consumption per Capita

Kilograms per capita

- World
- CEE&Ex-USSR
- Industrial Countries
- Developing Countries

World Cotton Lint Production

Million tons

60/61 70/71 80/81 90/91 00/01 07/08
World Cotton Yield

Kg/ha

82/83  87/88  92/93  97/98  02/03  07/08

105 kg/ha
World Cotton Lint Production

Million Tons

Asia
Rest of the World

82/83  87/88  92/93  97/98  02/03  07/08
Relative Prices of Competing Crops

Index 1990=100

- Wheat/Cotton
- Maize/Cotton
- Soybeans/Cotton
- Rice/Cotton
- Sugar/Cotton

Year: 95/96, 00/01, 05/06
Cotlook A Index in Local Currencies

Index Dec-99=100

- CFA
- China (M)
- USA

Dec-99  Dec-01  Dec-03  Dec-05
World Cotton Mill Use

Million Tons

- Asia
- Rest of the World

Year: 82/83 to 07/08

Graph showing the increase in cotton mill use from 1982/83 to 2007/08.
Cotton Mill Use in Industrial Countries

Million tons

- Japan, Australia and N. Zealand
- North America
- Western Europe

MFA
ATC

80/81 90/91 00/01 07/08
Net Exports in Industrial Countries

Million tons

Japan, Australia and N. Zealand
North America
Western Europe

80/81 90/91 00/01 07/08
Cotton Mill Use in Asia (cont’d)

Million tons

India
China(M)
Pakistan

80/81 90/91 00/01 07/08
Net Imports in Asian Countries

Million tons

-2 0 2 4 6

-80/81 90/91 00/01 07/08

India
China(M)
Pakistan
Conclusions

Factors affecting the structure of the World Cotton Market since 2000:

• Lower relative cotton prices and higher GDP: higher cotton textile consumption per capita
• Decreasing cotton’s share of textile market
• Prices of competing crops: less cotton area-US
• Improved technology: higher yields-World
• Increased trade: from US to China and India
• Elimination of MFA Quotas: shift in mill use to China, India and Pakistan
• Depreciation of the dollar: CFA hardest hit