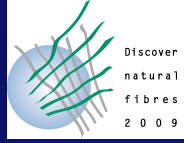


World Cotton Outlook and Production Costs

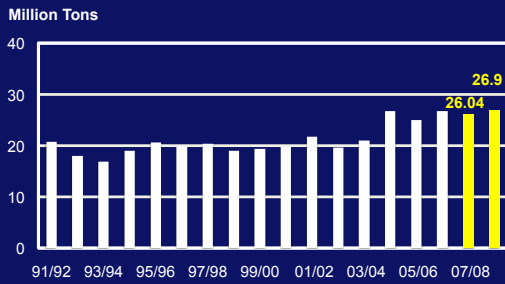


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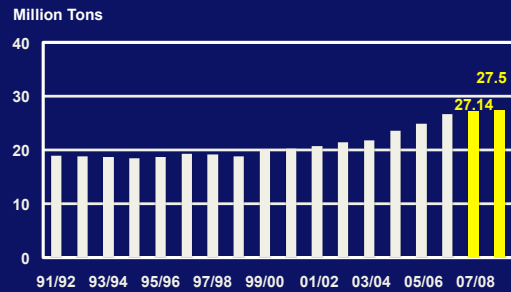
International Cotton Advisory Committee

SUPPLY & DEMAND

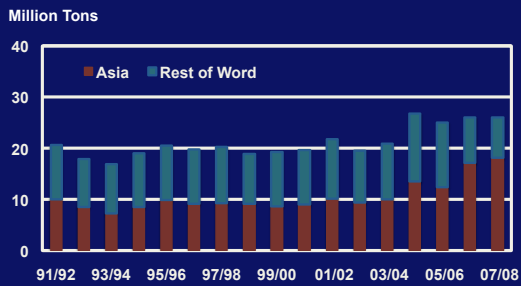
World Production



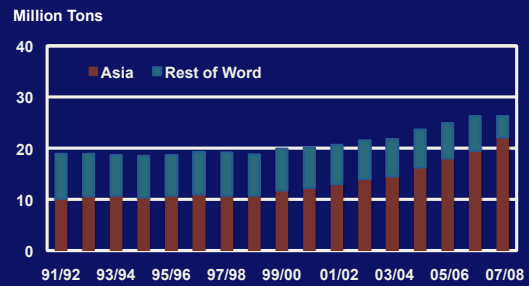
World Consumption

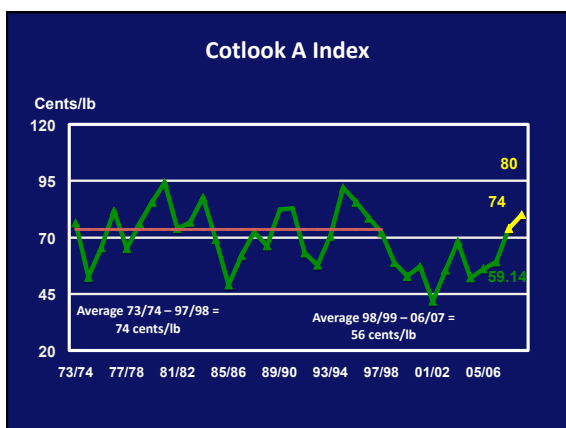
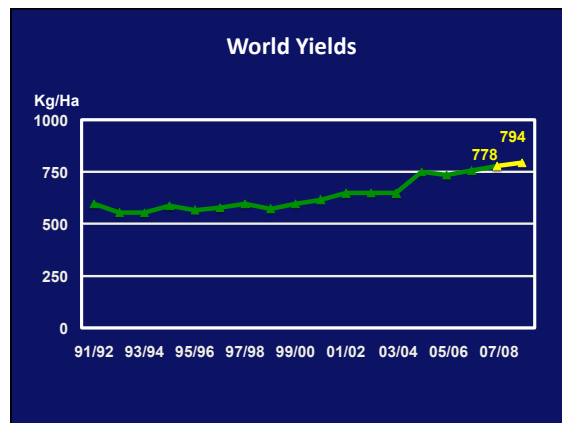
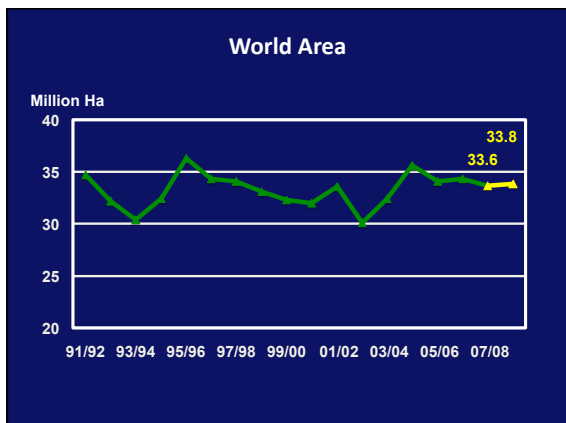


Production in Asia and Rest of the World



Mill Use in Asia and Rest of the World





COST OF PRODUCTION

Cost of Production Survey

Duration	Every three years
Questionnaire	Same since 1992
Current data	2006/07
Data source	Governments

Cost of Production - World 2006/07

Countries	31
Area	30 million ha
Net expenses	US\$ 22.8 billion
(Excluding land rent and seed value)	

Cost of Seedcotton - World 2006/07

Cost per hectare	= US\$ 717
Net Cost per kg	= US\$ 0.34

Cost of Seedcotton by Region- 2006/07

(US\$/Kg Seedcotton)

Asia	= 0.36
Australia	= 0.19
Africa	= 0.32
North America	= 0.29
South America	= 0.31
West Africa	= 0.35

Gross Cost of Lint - World 2006/07

Cost per kg	= US\$1.64
Cost per pound	= US\$0.74
Land rent	= US\$0.36/kg
Income from seed	= US\$0.18/kg

Net Cost of Lint - World 2006/07

Cost per hectare	= US\$ 763
Cost per kg	= US\$ 1.04
Cost per pound	= US\$0.47

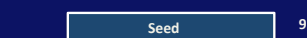
Costs of Lint by Region- 2006/07

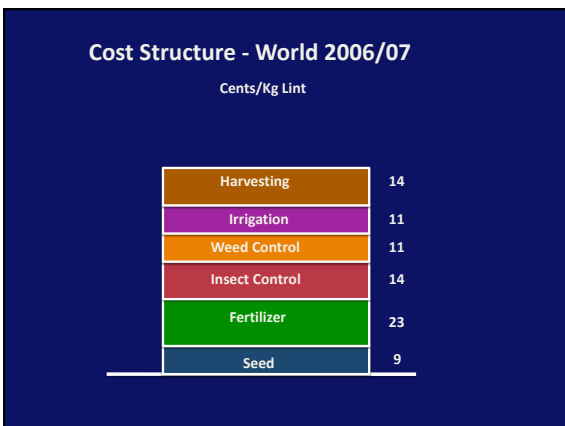
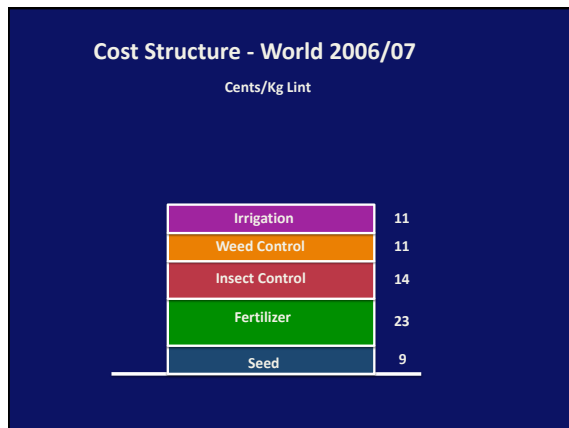
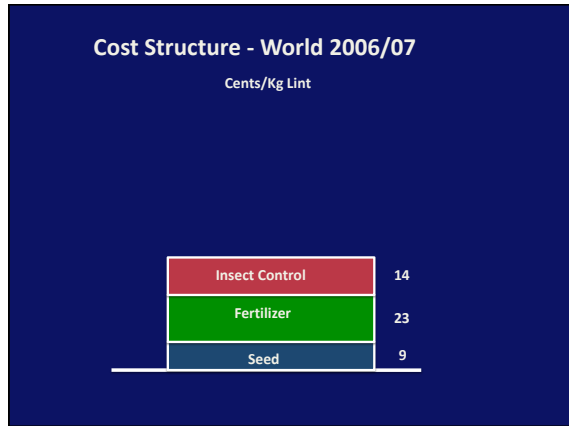
(US\$/Kg Lint)

Asia	= 0.94
Australia	= 1.23
Africa	= 0.80
North America	= 1.43
South America	= 1.01
West Africa	= 1.32

Cost Structure - World 2006/07

Cents/Kg Lint

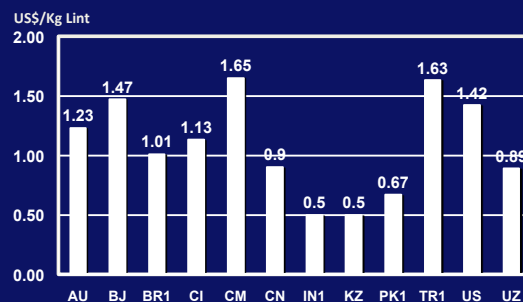




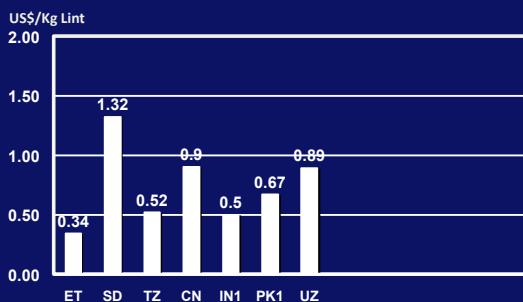
Income from Seed - 2006/07 (US\$/Kg)

Asia	= 0.20
Australia	= 0.14
Africa	= 0.22
North America	= 0.13
South America	= 0.10
West Africa	= 0.07

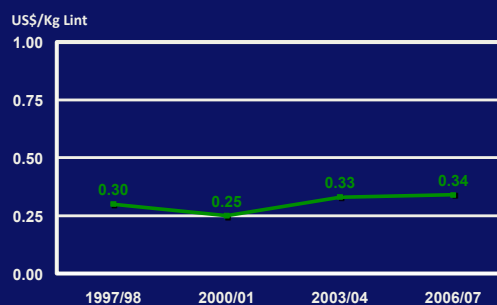
Cost of Lint - 2006/07



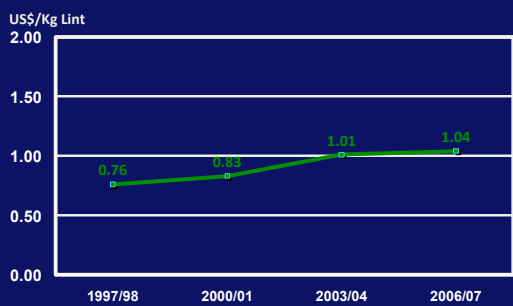
Cost of Lint - 2006/07



Cost of Seedcotton - Long-term Trend



Cost of Lint - Long-term Trend



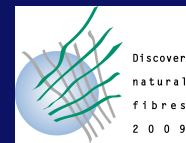
Limitations

1. Complete data are not available from all countries
2. Production systems are different
3. Exchange rate affects cost in local currency

Conclusions

1. Cost of production is increasing
2. Cost of insect control is on decline
3. Cost of fertilizers is increasing
4. Seed value is not properly utilized in many countries

World Cotton Outlook and Production Costs



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