



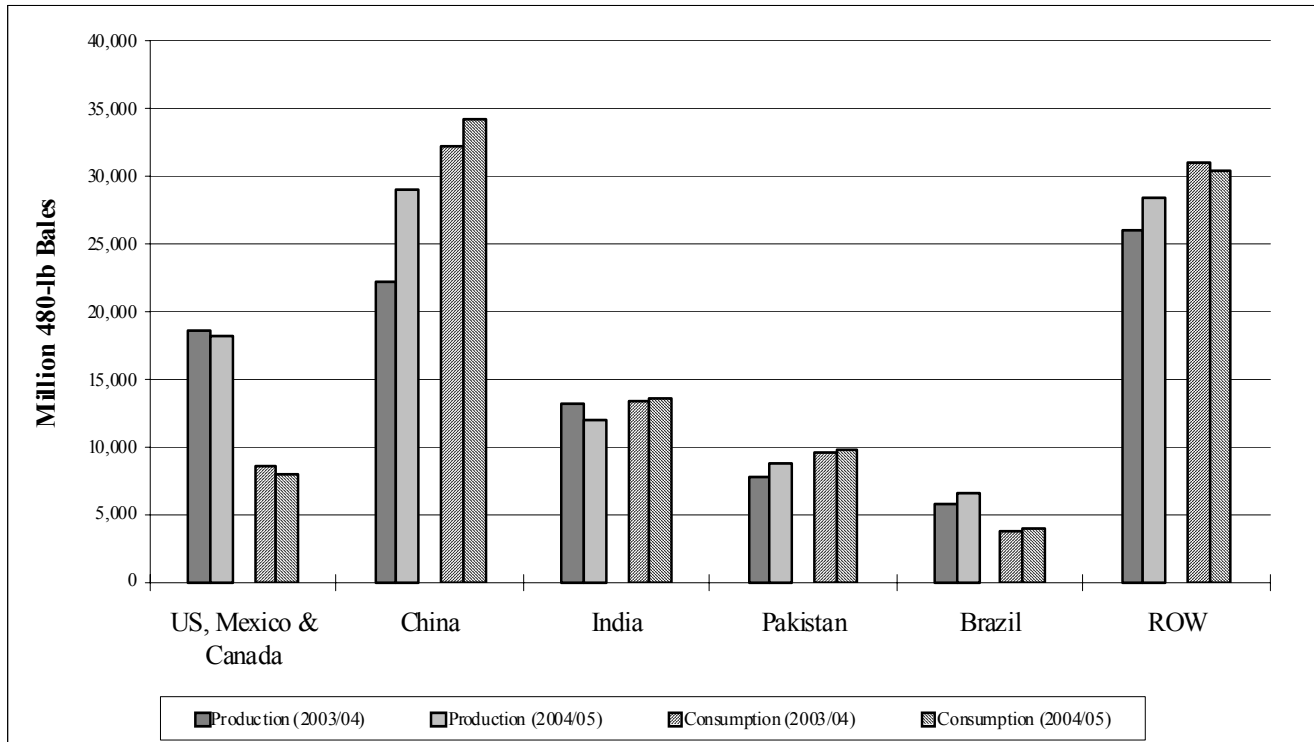
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Cotton: World Markets and Trade

2004/05 Forecasts Production Up and Cotton Consumption Continues to Shift to Developing Countries



World cotton fiber consumption in 2004/05 is forecast to increase 1.3 million bales over last year's estimate, with developing Asian countries showing big gains as use in developed countries continues to decline. China is forecast to show a 2 million-bale increase followed by India and Pakistan, each with 200,000-bale increases in consumption. The only other major consuming countries forecast with increased consumption are Brazil, Bangladesh and Thailand. The continued growth in these countries will be strongly supported by the final phase out of the MFA textile quotas. Cotton consumption is forecast to decline in 2004/05 in NAFTA countries by 7 percent, the EU-15 by 8 percent and the more industrialized countries of Asia (Japan, Taiwan, Hong Kong and Korea) by 5 percent.

World production is forecast at record 102.9 million bales, a 10.1 percent increase over the previous crop. Area increases are forecast for nearly all cotton producing countries as prices have improved. Although cotton area is forecast higher in India and the United States, cotton production in these countries should decrease due to yields returning to normal levels. Several major cotton-producing countries are forecast to see dramatic production increases (notably China up 6.7 million bales, Australia up 1.1 million bales and Pakistan up 1 million bales) due to area increases and yields returning to normal following poor yields last year.

Approved by the World Agricultural Outlook Board