MAJOR WORLD COTTON PRODUCERS FOR 1999/2000

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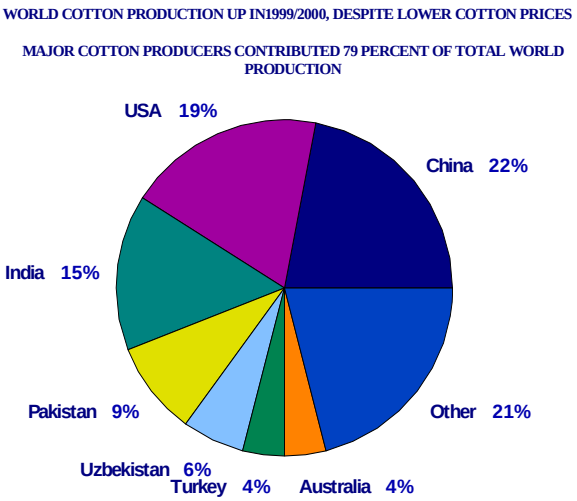
Abstract

World cotton production for 1999/2000 is forecast at 87.4 million 480-pound bales, up 3 percent from last year, despite the lowest world price in five seasons--averaging 48.2 cents per pound through early December of the 1999/2000 season, down from the most recent peak of 91.4 cents in 1994/95. World area is forecast to decrease 1 percent to 32.6 million hectares while the yield is up 5 percent from a year ago to 584 kilograms per hectare.

Introduction

The world's largest cotton producers, the United States and China, are projected to account for 41 percent of global production, up from 40 percent last year as a larger U.S. crop more than offsets' China's production drop. The United States experienced by far the greatest year to year increase in global production share, increasing from 16 percent of output last year to 19 percent in 1999/2000 and accounted for 36 percent of the world's production change, on an absolute basis.

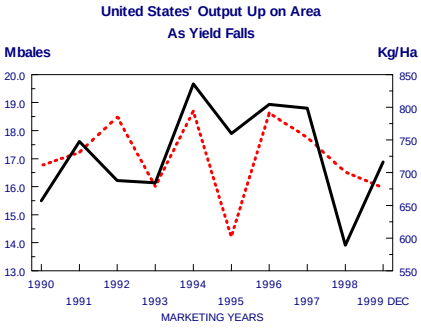


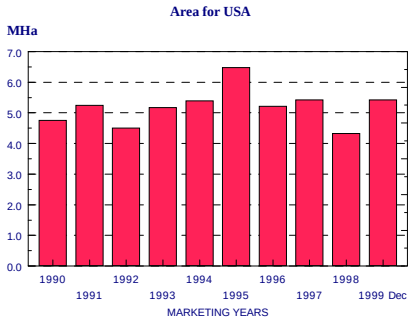
In the following charts this report highlights the top seven cotton producing nations which include the United States, China, India, Pakistan, Uzbekistan, Turkey, and Australia. These countries are estimated to produce 69.0 million bales of cotton in 1999/2000 and account for more than 90 percent of the absolute change in production this season.

Discussion

United States

Production of cotton is up on area, as yield drops from last season. Output for 1999/2000 is estimated at 16.9 million bales, up 21 percent from 1998/99. Output was larger than last year, despite weather related losses reflected in this season lower than average yield. Harvest area is up from last year when hot-dry weather in Texas lower yield on 25 percent of the 1998/99 U.S. crop. In that year, harvest area and yield declined sharply due to a combination of severe hot-dry weather extending from Texas to the Southeast and cool-wet conditions in California. In 1999/2000, area recovered, increasing by 1.1 million hectares from 1998/99 to 5.4 million, slightly above the recent five-year average. Projected yield is at 677 kilograms per hectare this season, compared to 701 kilograms in 1998/99, but well above the 1995/96 yield of 602 kilograms when west Texas again suffered losses due to insect damage and cool-wet conditions.





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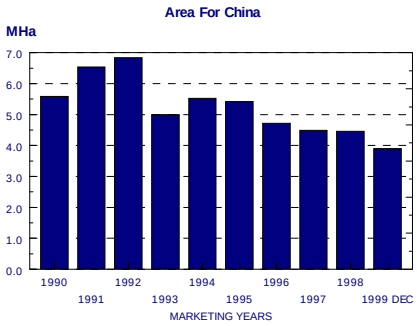
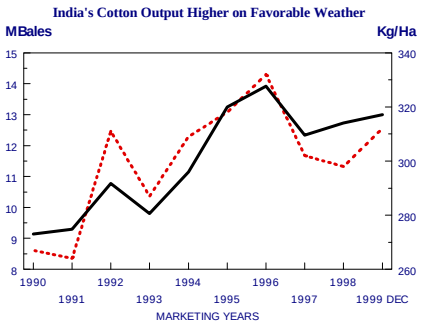
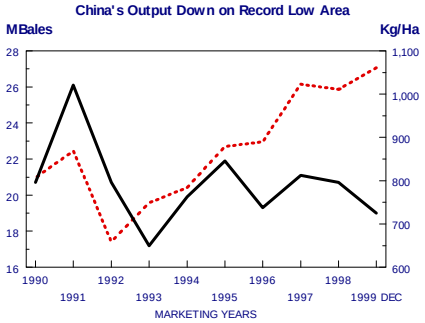




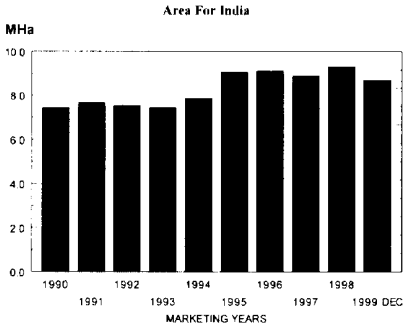
China

Output is down because of record low area this season. Estimated output for 1999/2000 is at 19.0 million bales, down 8 percent from last year and the lowest since 1993/94. However, forecast yield is at a record 1,061 kilograms per hectare. The record yield is a result of favorable weather, the use of improved cotton varieties, and the elimination of marginal low productive land for cotton. Record-low area of 3.9 million hectares, down 0.6 million from last year is a reflection of the reduced government support price.



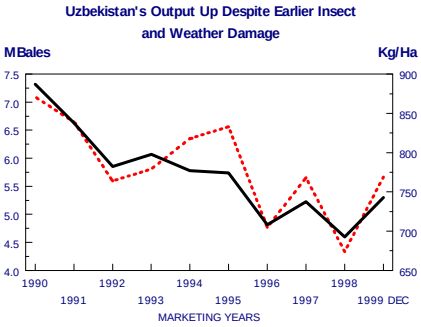
India

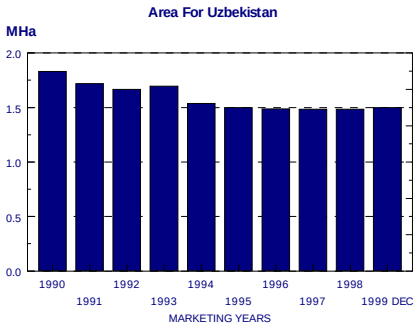
Cotton output is higher on favorable crop weather. Production is forecast at 13.0 million bales for 1999/2000, 2 percent higher than last year's crop. Area harvested is forecast at 8.7 million hectares, 0.6 million below the 1998/99 record. The drop in area from last year occurred largely in the northern cotton region where area was reduced by an average of 15 percent due to heavy insect losses in the past two seasons. However, the reduction in area was more than offset by gains in yield, especially in the northern cotton zone as excellent growing conditions throughout the season, pushed yield higher from the year earlier level.



Uzbekistan

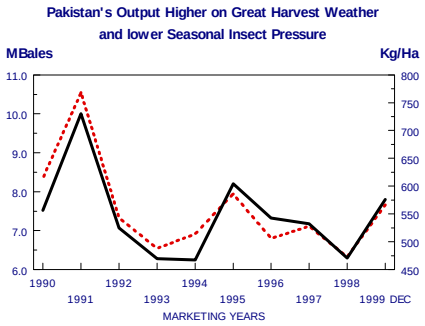
Output is up despite earlier insect and weather crop damage. Production for 1999/2000 is estimated at 5.3 million bales, up 0.7 million from last year's weather-reduced crop. Growing conditions during the season were varied as heavy rains occurred shortly after planting resulting in extensive replanting, but warm June weather contributed to good early-season crop development. Despite widespread reports, describing an increased threat of locust infestation, actual damage was minor. Uzbekistan's area has averaged 1.5 million hectares for the past five-years as it has continued to stress the production of livestock and food crops over cotton.

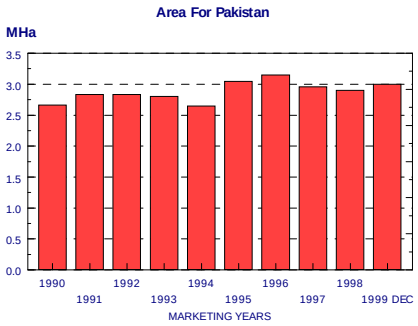




Pakistan

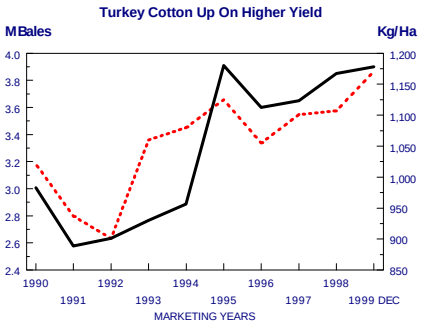
Output is higher on great harvest weather and low seasonal insect pressure. The 1999/2000 production forecast is at 7.8 million bales, up 1.5 million from last year's weather and insect reduced crop. The large increase is based mainly on good growing weather and the absence of major pest problems. In fact, early season cotton arrivals were reported about double last year's level. The faster pace was due to early maturation of the crop and farmers' selling just after harvest, rather than risk price declines. In the last five-years area has averaged near the 3.0 million hectare mark.

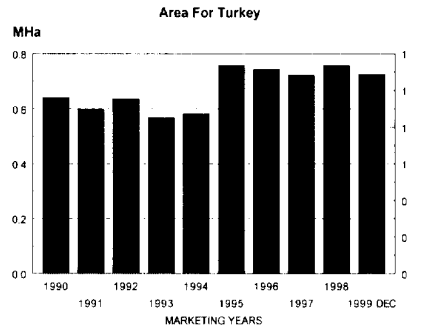




Turkey

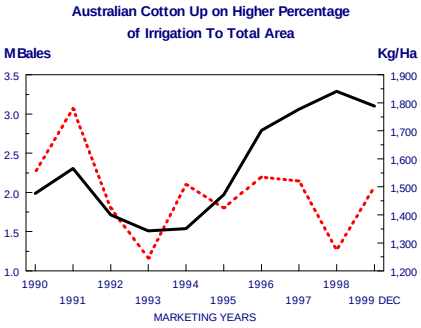
Cotton production is up on higher irrigation area. Output is forecast at 3.9 million bales for 1999/2000, 1 percent higher than last year's crop. Harvested area is forecast at 0.73 Million hectares, 4 percent below last year's. The drop in area from 1998/99 occurred largely because the slower growth in the southeast or GAP region, allowed the decline in other areas to pull total area down. Low cotton prices have allowed other crops to displace cotton in rotation in these area.

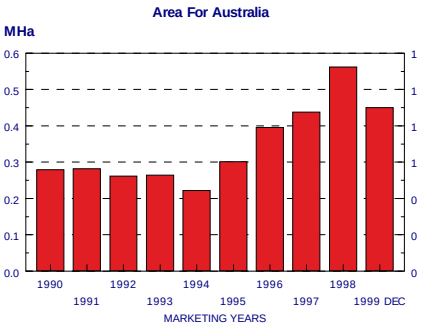


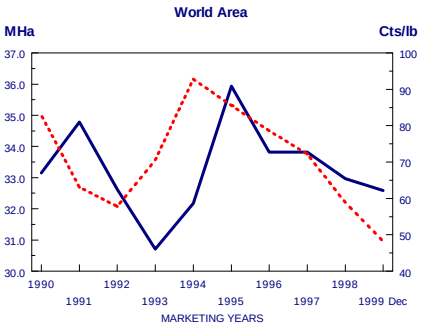


Australia

Cotton output up on higher yield as area drops. Output is forecast at 3.1 million bales for 1999/2000, nearly 0.2 million lower than last year's crop. Area harvested is forecast at 0.45 Million hectares, 0.1 million below last year's record. The drop in area from 1998/99 occurred largely because of the reduction in dryland that offset higher irrigated area. Higher yields are expected because of the higher ratio of irrigated to dryland. Low cotton prices have allowed other crops to displace cotton dryland area.







Summary

The world cotton area is lower because of depressed prices but yield has push production up from 1998/99. World output for 1999/2000 is estimated at 87.4 million bales on higher yield to 584 kilograms per hectare, up from 558 kilograms last season. Area is forecast at 32.6 million hectares, down 1 percent from 1998/99 and down from the recent peak of 35.9 million in 1995/96. The area devoted to cotton primarily depends on the expected profit margins in comparison to other crops. For the past five years corn, wheat, rice and soybeans have been good alternatives to cotton, as cotton prices have fallen faster than these crops. Also, lower prices this year are a result of the larger crop in the U.S. and higher export from China than for 1998/99. Higher yields are the result of favorable weather conditions and decreased insect and disease crop damage. Last year most countries excluding India, Turkey, and Australia had smaller cotton crops because of insect and disease damage, untimely cool weather, drought and floods. This year only China and Australia are forecast down from the previous season.