



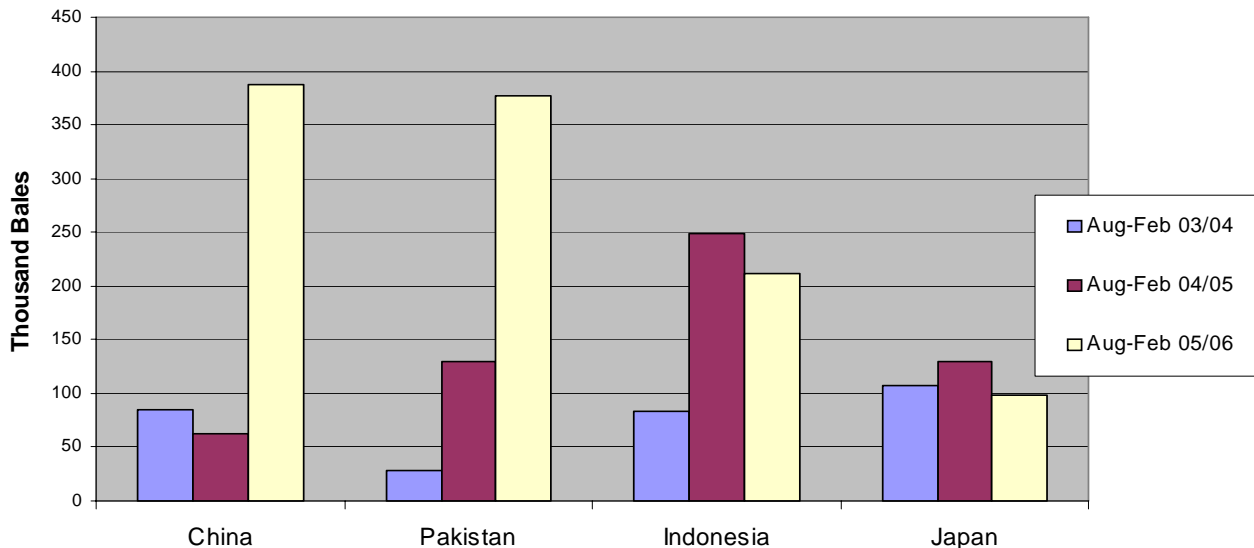
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Cotton: World Markets and Trade

Brazil's Cotton Exports Surge to China



Through the first seven months of the current marketing year (Aug. 2005-Feb. 2006), Brazilian cotton export shipments soared to a seven-month record of 1.73 million bales. Brazilian cotton has started to make in-roads into new markets, primarily in Asia. China accounts for a sizable share of this trade, importing 387,000 bales, followed by Pakistan, importing 377,000 bales. These two countries combined with Indonesia and Japan account for over 60 percent of Brazil's cotton exports. Exports are forecast to grow 28 percent reaching a record 2 million bales in 2005/06. In the 2004/05 season, a record volume of Brazilian cotton was consumed in Asia, with Indonesia, Japan and Pakistan being the leading markets.

Much of the growth in Brazil's cotton exports can be attributed to a large crop size in 2004/05. Brazil's cotton production in 2004/05 reached 5.9 million bales, just short of the record 6.0 million bales produced in 2003/04. For 2005/06, Brazilian cotton area is forecast to decrease 27 percent pushing production down 20 percent.

With exports increasing and domestic cotton consumption remaining strong, the lower crop size forecast in 2005/06 will push Brazil's ending stocks down 20 percent from last year's record levels. Cotton imports were over 600,000 bales in 2000/01, but higher production levels during the last five years has reduced import requirements to just over 200,000 bales for 2005/06. The U.S. exports several varieties of cotton to Brazil, including long and short staple varieties to the Brazilian apparel and textile industry.

Approved by the World Agricultural Outlook Board