



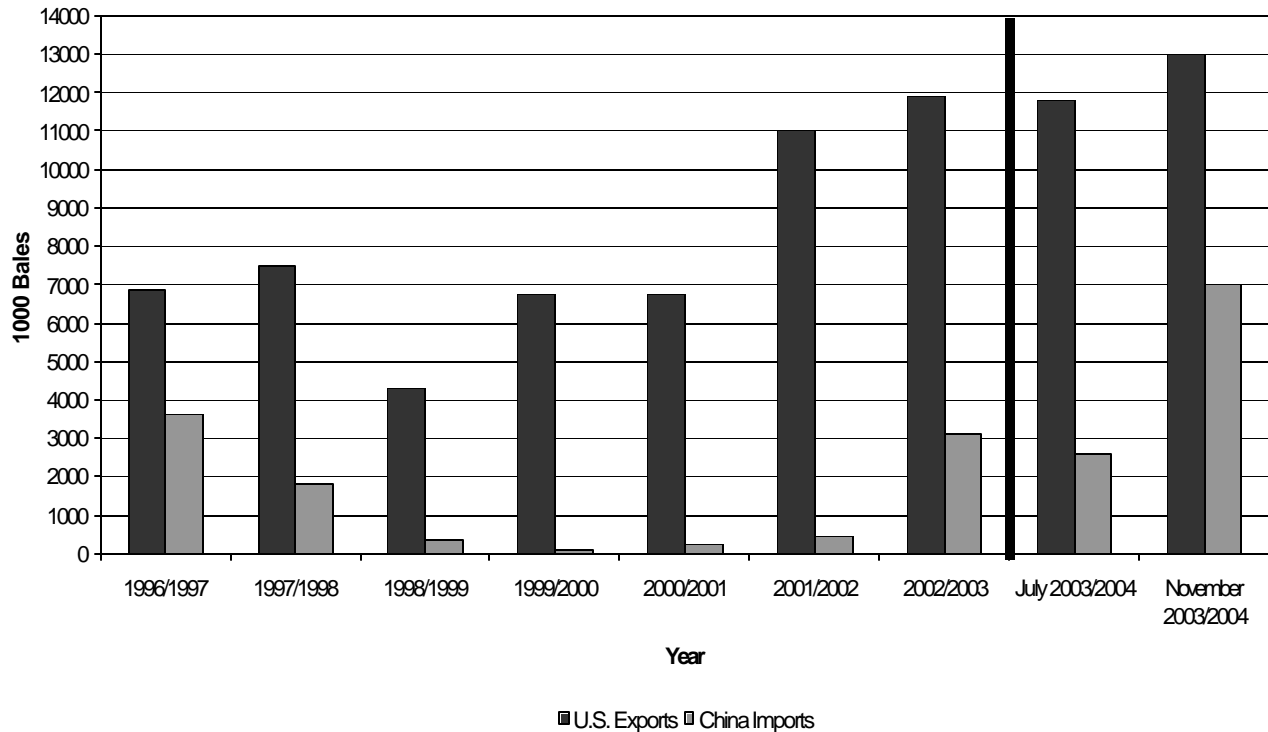
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Cotton: World Markets and Trade

U.S. and China Shatter Previous Records



U.S. exports are forecast to reach a record 13.2 million bales in marketing year 2003/04, 1.4 million bales larger than the 11.8 million bales projected in July. A combination of an increased U.S. production forecast and increased import demand has caused this change.

The major import destination of cotton is China which is now forecast to import a record 7 million bales. China's projected imports have increased about 270 percent (4.4 million bales) since the July release of the MY 2003/04 forecast. This increase has been driven by a 5 million-bale production decline in China's Northern Plains Region since the 2003/04 early season estimates. Bad weather in the region has decreased yields by as much as 50 percent in some provinces.

U.S. exports to China should increase in 2003/04 given the U.S. 10-year historical market share of 50-percent in China. However, exports to other top U.S. markets such as, Turkey, Mexico, Indonesia, and Thailand, could decrease due to a decline in these countries forecasted imports in 2003/04.