



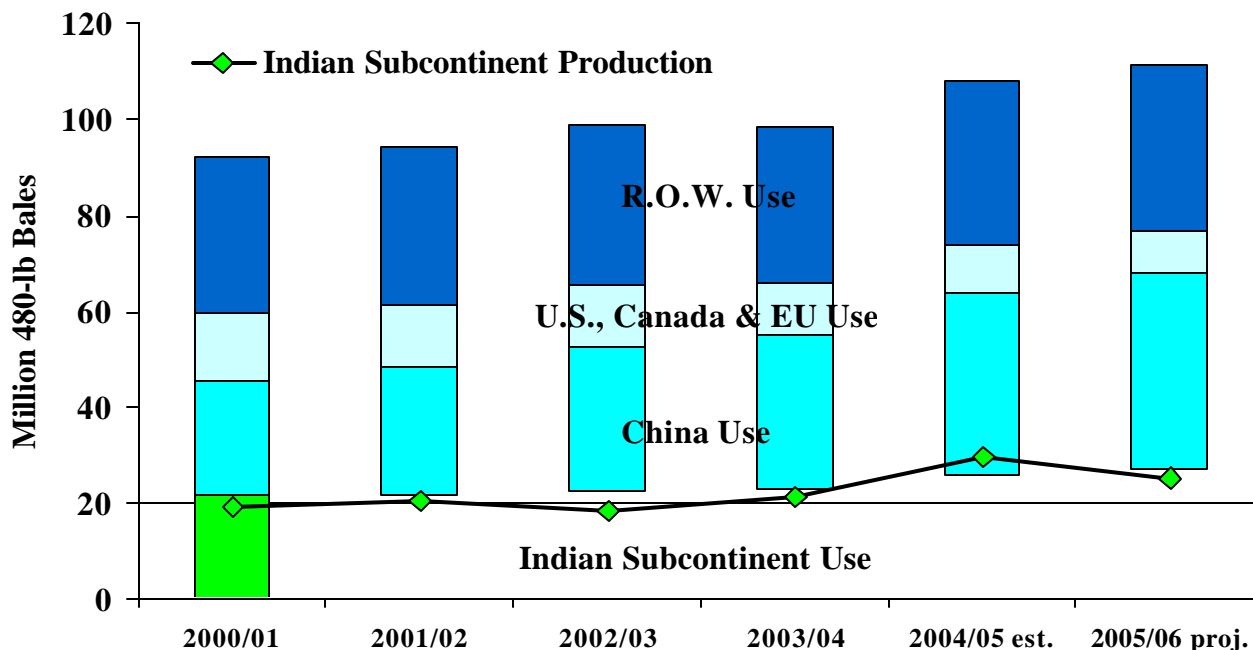
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# Cotton: World Markets and Trade

## Indian Subcontinent Mostly Self-sufficient in 2005/06



The expiration of the Multi-Fiber Arrangement will boost cotton use growth in the Indian Subcontinent (India, Pakistan, and Bangladesh) above the world average in MY 2005/06. However, the Subcontinent, the world's largest consumer of cotton outside China, will remain well over 90 percent self-sufficient, a strong contrast from China, which is forecast to be only 60 percent self-sufficient in MY 2005/06.

World cotton use for MY 2005/06 is forecast at a record 111.5 million 480-lb bales, up 3.2 percent from the current season. Meanwhile, the Subcontinent's cotton use is expected to grow to a record 28.4 million bales, up 4.7 percent. Collective use for the United States, Canada, and EU-25 is forecast down 8.5 percent to 9.3 million bales for MY 2005/06.

Domestic use will surpass previous records in all three Subcontinent countries: India (15.8 million bales), Pakistan (10.8 million bales), and Bangladesh (1.8 million bales). Each country's record domestic use is attributed both to larger local consumer demand and exports of textile and apparel products. In addition to having some of the lowest labor costs in the world, receiving zero-duty preferential treatment from the European Union and the removal of the Multi-Fiber Arrangement have made the Subcontinent's textile and apparel industry very competitive.

Bangladesh imports almost all of its cotton needs. India and Pakistan import predominantly only their Extra Long Staple (ELS) and other superior quality cotton needs. The top supplier, the United States, accounted for 30 percent of the region's imports in MY 2003/04, excluding intra-trade (12.7 percent). The need for higher quality cotton is likely to keep the demand for U.S. cotton relatively constant.