



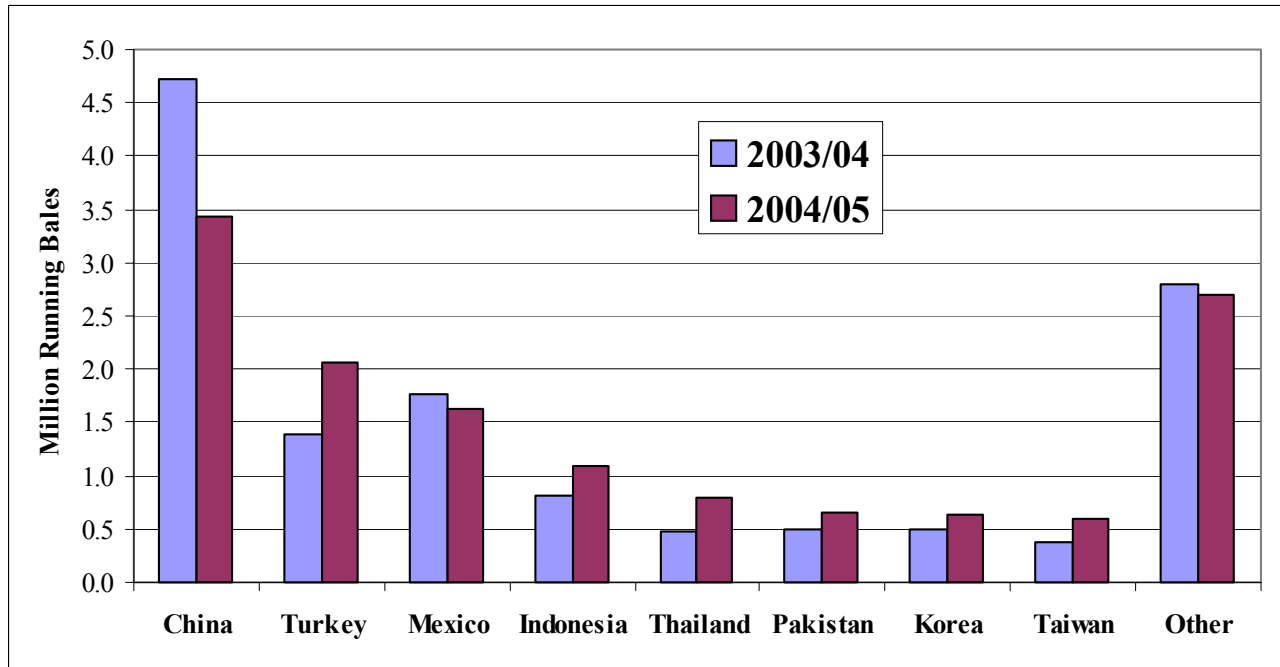
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Cotton: World Markets and Trade

U.S. Exports Up in 2004/05 with Smaller Exports to China



U.S. exports ended MY 2004/05 at 13.6 million (500-lb) running bales, up 2.0 percent from 2003/04. Improved exports to a majority of the traditional buyers of U.S. cotton compensated for lower exports to China, Mexico, and Brazil.

In 2004/05, U.S. exports to Turkey, Indonesia, and Thailand increased significantly, the result of expanding local textile industries. Such gains propelled Turkey to become the 2nd largest export market for U.S. cotton, ahead of Mexico. U.S. exports also grew to other important trading partners, including Pakistan, Korea, Taiwan, Japan, and Hong Kong.

U.S. exports to China fell to 3.4 million running bales in 2004/05, down 27.4 percent from 4.7 million bales in 2003/04. Larger exportable production in Uzbekistan and Australia drove down U.S. market share in China from 57.9 percent to 53.8 percent through June 2005. Likewise, a dramatic increase in China's production dampened overall import demand throughout the year. Import demand was further hampered as China's textile sector drew down cotton stocks.

U.S. exports to Mexico in 2004/05 were hindered by a declining Mexican textile industry, increased local production, and large available stocks. Notwithstanding increased cotton usage within the Brazilian textile sector, U.S. exports to Brazil fell due to a large increase in local production. While China remained the top export market for U.S. cotton, Mexico dropped from 2nd to 3rd and Brazil dropped from 10th to 19th.

Approved by the World Agricultural Outlook Board