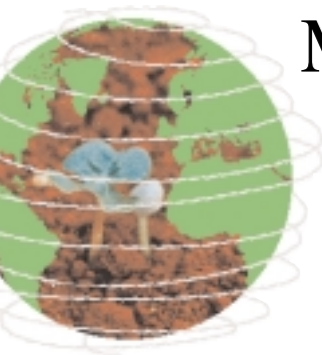


World Markets for Cotton

FORECASTS TO 2000



Cotton: a growing market

Cotton is still the world's most popular fibre, accounting for over 40% of world fibre demand. Moreover, cotton has been enjoying a come-back in world markets. Textile processors and consumers alike appreciate cotton's versatility in a wide variety of textile and clothing products. In addition, changing consumer lifestyles and perceptions are tending to favour cotton.

Wearing cotton is associated with comfort and - in the eyes of the consumer - cotton goes hand in hand with a growing awareness of the environment and a desire for "healthy living" and "naturalness".

But can cotton maintain the momentum?

A 59% rise in prices between 1992/93 and 1994/95 has encouraged farmers around the world to grow more cotton. But will high prices scare processors, consumers and retailers into using man-made substitutes?

Can cotton growers meet demand?

The surge in cotton prices was due in part to poor harvests in parts of Asia, especially China. Can the problem of pests be cracked? And how will world supply and demand be affected by China's growing hunger for fibres to feed its rapidly growing domestic needs and thriving garment export industry?

What about Eastern Europe?

The break-up of the former Soviet Union has left Uzbekistan with the collapse of its main market and Russia short of cotton. Will the balance be restored? How will this affect world supply and demand?

And what will happen to prices?

Boom to bust, and back to boom again, has been a major problem for cotton growers, textile processors, clothing makers and retailers. Can supply and demand be better regulated? What is the most likely scenario in 1999/2000? Will the cotton price go up or down?

World Markets for Cotton: Forecasts to 2000

addresses these and other issues.

- The report examines recent economic and political developments in the world economy and predicts how these are likely to impact upon the *global cotton economy*.
- The report assesses *cotton's competitiveness* compared with man-made fibre substitutes.
- The report looks at the growing use of *quick response* by manufacturers and retailers, and assesses the likely impact of this strategy on cotton's markets.
- The report contains authoritative forecasts for *cotton production* in all the major cotton producing countries and regions, including Argentina, Australia, Brazil, China, the CIS, Egypt, Greece, India, Iran, Israel, Mexico, Pakistan, Paraguay, Peru, Spain, Sudan, Syria, Tanzania, Turkey, the USA, Western Europe and Zimbabwe.
- Authoritative forecasts are also provided for *cotton consumption* in Africa, China, the CIS, Eastern Europe and former Yugoslavia, Hong Kong, India, Indonesia, Iran, Israel, Japan, Latin America, Pakistan, the Philippines, South Korea, Syria, Taiwan, Thailand, Turkey, the USA and Western Europe.



World Markets for Cotton: Forecasts to 2000 will provide you with:

- *forecasts of cotton prices* to the end of the decade;
- detailed *forecasts of production*, by region and country, to the year 2000;
- detailed *forecasts of demand*, by region and country, to the year 2000;
- data on trends in *consumer purchases* of household textiles and apparel in Western Europe and the USA.

THE REPORT IS DIVIDED INTO 18 CHAPTERS:

- **Chapter 1** provides an *executive summary*.
- **Chapter 2** highlights the key trends in the *development of the world cotton economy* over the last 50 years. It focuses on the decline in dominance of the USA and its influence on world markets, and traces the growing role of Asia - notably China. It also examines the changes in patterns of world demand, and describes the attempts which have been made to secure international agreement to regulate the supply of cotton, and to smooth the disruptive price fluctuations which characterise the market.
- **Chapter 3** examines the *factors which affect cotton production*, including production costs, and the impact of weather, disease and pests. It looks at different cotton classifications, and identifies the different varieties of cotton grown in various parts of the world. Also, it tracks the advances made in yields which are enabling more cotton to be grown on fewer hectares - thereby freeing up valuable land for food crops.
- **Chapter 4** looks at the *factors affecting cotton demand*, notably income growth, population growth and inter-fibre competition. Consumer preferences, the report notes, can be a greater influence on cotton's competitiveness than price.

- **Chapter 5** examines *trading practices*, including long-distance contracting, forward purchases and futures trading. Cotton, being non-perishable and easily classifiable, is one of the most highly tradable agricultural commodities. Chapter 5

also assesses the *impact on cotton markets of the end of the Multi-Fibre Arrangement (MFA)*. MFA quotas have restricted exports of textiles and clothing from developing countries for more than 20 years. Under the 1994 GATT agreement, quotas will be removed altogether by 2005.

- **Chapter 6** analyses *the EIU's economic and political forecasts to 1998 and assesses how these will impact on the world cotton economy*. Major influences will be the phasing out of the Multi-Fibre Arrangement, described in Chapter 5, the agricultural and trade policies of China and the CIS, and the implementation of the North American Free Trade Agreement (NAFTA) by Canada, Mexico and the USA.

- **Chapters 7-13** assess *the historical, current and future cotton supply situation in each of the major producing countries*. Each chapter comments on the factors affecting future prospects - such as political decisions made in China. Forecasts are provided of the probable evolution of production, stocks and consumption by country and by region to the end of the 1999/2000 season.

- **Chapters 14-17** examine *cotton-fibre offtake in the principal consuming countries or groups of nations*. Forecasts for consumption to 1999/2000 are presented in each case.

- **Chapter 18** assesses the *prospects for worldwide supply and demand under three scenarios*, each based on different assumptions about future world events. Forecasts are presented, for each scenario, of average *cotton prices to the year 2000*, and the most probable scenario is identified.

- **Appendix 1** provides - at a glance - a multitude of *statistical data on the world cotton market* by country and by region, covering the period 1984/85 to 1999/2000.

THE AUTHORS

David Morris is a textiles and fibres economist with CIRFS (Comité International de la Rayonne et des Fibres Synthétiques) in Brussels. His previous experience includes work with the Department of Agriculture in Northern Ireland, the European Commission, the Commonwealth Secretariat, the International Wool Secretariat, the International Institute for Cotton and the International Trade Centre UNCTAD/GATT (ITC). David Morris writes regularly for Textiles Intelligence and the Economist Intelligence Unit. He is author of

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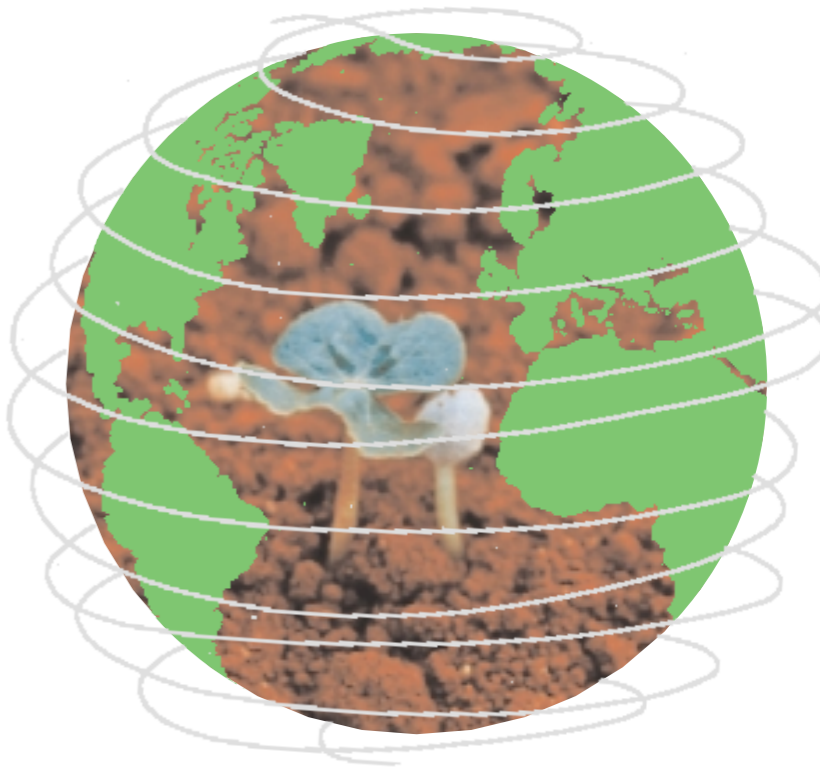
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