Cotton: Challenges and Opportunities

DGs Consultative Framework Mechanism on Cotton

Geneva

21 June 2013

Terry Townsend
ICAC
Season-Average Cotlook A Index

US cents/lb

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>71/72</td>
<td>72</td>
</tr>
<tr>
<td>81/82</td>
<td></td>
</tr>
<tr>
<td>91/92</td>
<td></td>
</tr>
<tr>
<td>01/02</td>
<td></td>
</tr>
<tr>
<td>11/12</td>
<td>139</td>
</tr>
</tbody>
</table>

The diagram shows fluctuations in the Cotlook A Index from 1971/72 to 2011/12, with a notable increase in 2011/12.
World Ending Stocks

Million tons (bars)

Stocks-to-Use Ratio (Line)
Estimated Size of China National Reserve

Million tons

Aug-11  Aug-12  Aug-13
Non-China Cotton Mill Use

Million tons

03/04  05/06  07/08  09/10  11/12  13/14
World Cotton

Million tons

Production

Mill Use

03/04 05/06 07/08 09/10 11/12 13/14

25.1
24.3
World Cotton Exports

Million tons

(decline likely with liquidation of the Reserve)
SSA Cotton Production

Million tons

03/04 06/07 09/10 12/13

% of World Total
SSA Cotton Exports

Million tons

Share of World Exports

Exports

03/04 06/07 09/10 12/13
Cotton Yields

Kilograms per Ha

- World
- SSA-CFA
- CFA

Years: 90/91, 95/96, 00/01, 05/06, 10/11
Contributors to Rising Yields:

- Technology Package - Good
- Technology Extension - Fair
  - Input Availability – Poor
- Seed Cotton Logistics - Good
  - Incentives - Average
Nitrogen Use on Cotton, 2011

Kgs/Ha

Recommendations:

• Enable/Allow Variable Fertilizer Rates
• Enable/Allow Choice of Varieties
• Enable/Allow Variable Insecticide Use

Encourage Farmer Autonomy
Trade Facilitation Needed

- Phytosanitary Certificates, Model FAO
  - Electronic Documents
- World Bale Numbering System
- Hazardous Cargo Designation
Documents for One Shipment

- Invoice x 3
- Negotiable bill of lading + 3 non-neg. copies
  - Beneficiary’s Certificate
  - Additional Beneficiaries Certificate
  - Certificate of Origin x 2
  - Vessel Certification
- Bale x Bale Packing list x 6
- Packing List per Container x 6
  - Phyto Certificate x 2
PHOTOSYNTHETIC CERTIFICATE

TO: THE PLANT PROTECTION ORGANIZATION(S) OF

DATE INSPECTED: March 25, 2013

CERTIFICATION

This is to certify that the plants, plant product or other regulated articles described herein have been inspected and/or tested according to appropriate official procedures and are considered to be free from the quarantine pests, specified by the importing contracting party and to conform with the current phytosanitary requirements of the importing country/ies.

DISINFECTANT AND DISINFECTANT TREATMENT

1. CHEMICAL

2. TREATMENT

3. CONCENTRATION

4. DURATION AND TEMPERATURE

5. ADDITIONAL INFORMATION

DESCRIPTION OF THE CONSIGNMENT

6. NAME AND ADDRESS OF THE EXPORTER

7. PLACE OF ORIGIN

8. PLACE OF ORIGIN

9. NAME AND ADDRESS OF THE CONSIGNEE

10. BOTANICAL NAME OF PLANTS

11. NUMBER AND DESCRIPTION OF PACKAGES

12. DISTRIBUTING PACKAGES

13. NUMBER AND DESCRIPTION OF PACKAGES

14. DECLARED MEANS OF CONVEYANCE

15. DECLARED POINT OF ENTRY

16. DECLARED POINT OF ENTRY

17. NAME OF AUTHORIZED OFFICER

18. SIGNATURE OF AUTHORIZED OFFICER

WARNING: Any alteration, forgery, or unlawful use of this phytosanitary certificate is subject to civil penalties of up to $5,000 (16 U.S.C. Section 7772(b)) or punishable by a fine of not more than $10,000, or imprisonment of not more than 3 years, or both (18 U.S.C. Section 1001).

ADDITIONAL DECLARATION

Page 1 of 1
Cotton: Challenges and Opportunities

DGs Consultative Framework Mechanism on Cotton

Geneva

21 June 2013

Terry Townsend
ICAC