Cotton in the World Economy

Agricultural Policy Landscape Symposium

WTO Geneva 13-14 June 2018

Terry Townsend Chair, DNFI
Why Cotton?

- Connects People to Markets
- Drives Economic Growth
- Contributes to Food Security

- Storable
- Durable
- Shippable

- Woody Perennial
- Cash Crop
- 4%-5% of SSA
Cotton Production: Frontiers of Global Economy
World Fibre Consumption, Million Tons

- **Cotton**
- **Synthetic**


- 1960: Cotton: 8, Synthetic: 1
- 1970: Cotton: 10, Synthetic: 3
- 1980: Cotton: 12, Synthetic: 5
- 1990: Cotton: 14, Synthetic: 7
- 2000: Cotton: 16, Synthetic: 9
- 2010: Cotton: 18, Synthetic: 11

For 2017, the synthetic fibre consumption has increased significantly compared to previous years.
World Cotton, Million Tons

- **Prod**
  - 2016/17: [Value]
  - 2017/18: [Value]
  - 2018/19: [Value]

- **Cons**
  - 2016/17: [Value]
  - 2017/18: [Value]
  - 2018/19: [Value]

- **Trade**
  - 2016/17: [Value]
  - 2017/18: [Value]
  - 2018/19: [Value]
COTTON PRODUCERS

World: 35-60 million households
SSA: 3-4 million households

World: 150-190 million (2-3%)
SSA: 40-50 million (4-5%)
COTTON REVENUE

Average: $1,000
Range: $400 to $50 million

Typical small holder: $400 to $1,000 in gross revenue; $125 to $300 net revenue
Fertilizer
(DTF max score = 100)

- OECD high income: 78
- Europe & Central Asia: 66
- Latin America & Caribbean: 58
- Middle East & North Africa: 53
- East Asia & Pacific: 63
- Sub-Saharan Africa: 39
- South Asia: 56
Support to the Cotton Sector,
US Cents/Lb. of Production

- Spain
- Greece
- China
- Turkey
- USA
- Others
Means of Providing Support
2017/18

China:
• Import Quotas & Tariffs
• Buffer Stock
• Direct Payments
Means of Providing Support 2017/18

USA:

- Revenue Insurance (STAX)
- Yield Insurance (Crop Ins.)
- Price Floor (Marketing Loan)
- Direct Payments (Gin Cost Shr.)
Means of Providing Support
2017/18

Turkey & EU:
• Direct Payments

(Does not include decoupled payments in the EU)
Cotton in the World Economy

Summary:
• Connects People to Markets
• Growing again, after 10 years
• Input supply is key to yields
• Government measures
Continue