



Foreign Agricultural Service

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## **Brazil**

### **Cotton and Products**

#### **COTTON UPDATE**

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#### **Report Highlights:**

**The report contains updated information for MY 2002/03 and 2003/04.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Sao Paulo [BR3], BR

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**PS&S Table**

PSD Table						
Country	Brazil					
Commodity	Cotton				(HECTARES)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		08/2001		08/2002		08/2003
Area Planted	0	741900	0	742900	0	940000
Area Harvested	748000	741900	735000	742900	840000	940000
Beginning Stocks	646212	452650	526027	294469	659711	381329
Production	766180	763600	846956	830800	957997	1040000
Imports	55085	54978	122580	122590	65318	70000
TOTAL SUPPLY	1467477	1271228	1495563	1247859	1683026	1491329
Exports	146748	146759	106468	106530	283045	210000
USE Dom. Consumption	827361	830000	751157	760000	794702	800000
Loss Dom. Consumption	-32659	0	-21773	0	-21773	0
TOTAL Dom. Consumption	794702	830000	729384	760000	772929	800000
Ending Stocks	526027	294469	659711	381329	627052	481329
TOTAL DISTRIBUTION	1467477	1271228	1495563	1247859	1683026	1491329

## Production

Agricultural Trade Office (ATO)/Sao Paulo adjusted total Brazilian cotton production estimate for marketing year (MY) 2002/03 (August-July) at 830,800 metric tons (MT) lint cotton, up 3 percent from the previous estimate to reflect updated information provided by the Ministry of Agriculture, Livestock and Supply's (MAPA), National Supply Company (CONAB). MY 2002/03 area planted to cotton has been slightly revised downward to 742,900 hectares (HA). Revised planted area, production and yields by state and region for MY 2001/02 and 2002/03 follow.

Cotton Area, Production and Yield by State/Region (HA; MT lint cotton, kg/HA)						
	MY 2001/02			MY 2002/03		
	Area	Production	Yield	Area	Production	Yield
Parana	36,100	29,700	822.7	29,300	25000	853.2
Sao Paulo	61,500	57,900	941.5	59,900	61500	1,026.7
Minas Gerais	38,000	31,000	815.8	35,000	31500	900.0
Mato Grosso Sul	45,500	62,500	1,373.6	43,600	60500	1,387.6
Mato Grosso	310,000	388,000	1,251.6	310,000	405000	1,306.5
Goias	93,300	103,500	1,109.3	96,000	113000	1,177.1
Bahia	70,000	70,000	1,000.0	86,000	111000	1,290.7
Others - N/NE	87,500	21,000	240.0	83,100	23300	280.4
Total	741,900	763,600	1,029.2	742,900	830,800	1,118.3

Source: ATO/Sao Paulo

ATO/Sao Paulo projects MY 2003/04 cotton production at 1,040,000 MT lint cotton, up 25 percent from current season, assuming average weather conditions during the crop's vegetative cycle. Cotton area is forecast at 940,000 ha., a 27 percent increase compared to MY 2002/03. The planting intention survey recently released by CONAB (October 2003) place 03/04 cotton area between 923,600 and 961,400 ha. Total production is forecast ranging from 1,087,400 and 1,135,600 MT lint cotton. Virtually all states should increase area planted to cotton compared to the last crop, with a notable expansion in Bahia, which is expected to increase between 90 and 96 percent.

The good profitability obtained from the 2002/03 cotton crop associated with strong international prices which are reflected in the domestic market are the major factors encouraging cotton growers to increase the 2003/04 crop area. In addition, the rust problem the many soybean growers faced last year will somehow affect planting decisions and increase area planted to cotton. The possibility of increased cotton exports represent another driving force affecting planting intentions. As reported by CONAB, Brazil is expected to export 170,000 MT of lint cotton in calendar year (CY) 2003, whereas CY 2004 exports are forecast to more than double to 360,000 MT, lint cotton. According to trade sources, approximately 60 to 70 percent of the 03/04 crop has already been contracted both by the domestic and international markets.

## Consumption

Post has revised downward domestic cotton consumption for MY 2002/03 to 760,000 MT lint cotton, down 20,000 MT from the previous estimate, based on information provided by trade sources and CONAB. Major factors causing a reduction in consumption include the significant retraction in the retail market due to decreased purchasing power of Brazilian consumers and high unemployment rates. The domestic MY 2003/04 cotton consumption forecast remains unchanged at 800,000 MT lint cotton.

The table below shows Brazilian cotton fiber consumption according to different sources. Note that ABIT and IEMI established a partnership, and 2002 consumption statistics only reflect the IEMI survey.

Brazilian Cotton Fiber Consumption (1,000 metric tons).						
Year	1997	1998	1999	2000	2001	2002
ABIT	798,700	782,900	849,500	974,500	872,700	n/a
IEMI	807,502	927,261	1,055,668	1,264,020	1,126,305	1,056,288

Source: Brazilian Textile Industry Association (ABIT), Industrial Marketing Studies Institute (IEMI).

## Trade

ATO/Sao Paulo estimates Brazilian cotton exports for MY 2002/03 at 106,530 MT lint cotton, based on updated information from trade sources. Total cotton exports for 2003/04 are forecast at 210,000 MT, up 50,000 MT lint cotton from the previous post estimate to reflect updated market information. Cotton imports for MY 2002/03 are estimated at 122,590 MT lint cotton. Cotton imports for 2003/04 remain unchanged at 70,000 MT. The tables below show cotton exports and imports by type, according to the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Cotton Exports by type (000 US\$, metric tons, lint cotton).						
NCM	MY 2001/02		MY 2002/03		MY 2003/04 1/	
	Value	Quantity	Value	Quantity	Value	Quantity
5201.00.10	1,683	1,715	1,242	1,511	345	305
5201.00.20	80,192	84,224	77,125	84,707	29,650	27,479
5201.00.90	60,903	60,820	18,787	20,311	16,920	16,175
Total	142,778	146,759	97,155	106,529	46,915	43,958

Source: Brazilian Secretariat of Foreign Trade (SECEX) 1/ Aug-Sep.

Brazilian Cotton Imports by type(000 U\$, metric tons, lint cotton).						
NCM	MY 2001/02		MY 2002/03		MY 2003/04 1/	
	Value	Quantity	Value	Quantity	Value	Quantity
5201.00.10	54	26	3	0	0	0
5201.00.20	32,500	35,859	68,888	64,544	8,495	7,116
5201.00.90	23,821	19,092	60,435	58,047	8,465	6,969
Total	56,375	54,978	129,325	122,592	16,960	14,084

Source: Brazilian Secretariat of Foreign Trade (SECEX) 1/ Aug-Sep.

## Stocks

Carry-over stocks for MY 2002/03 are estimated at 381,329 MT lint cotton. Ending stocks for MY 2003/04 are projected stable at 481,329 MT, up 100,000 MT from the previous MY due to expected higher production levels.