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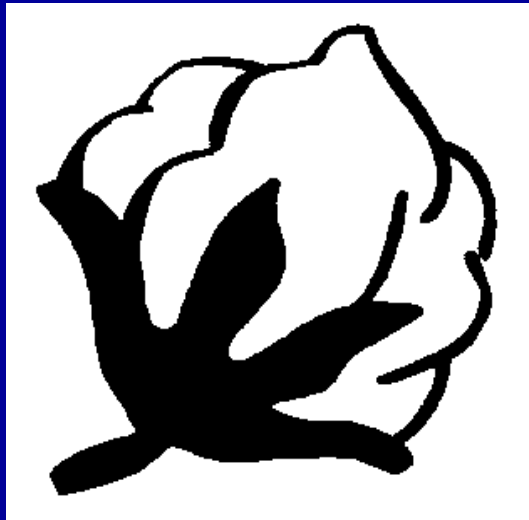
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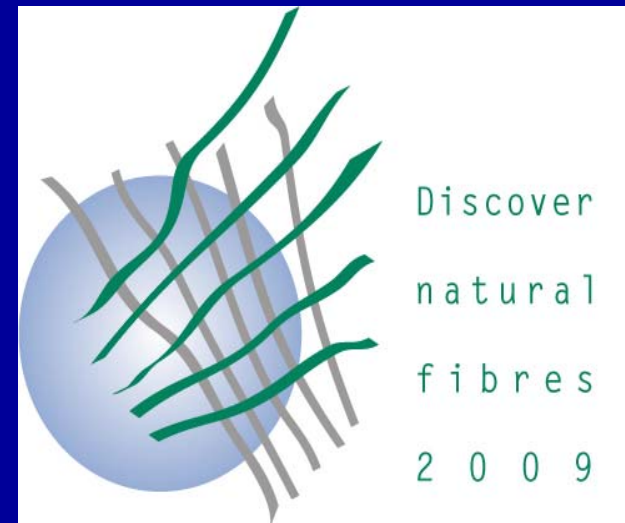
Structural Change in the World Cotton Industry



USDA Outlook
Forum

February 19, 2010

www.ICAC.org



69TH PLENARY MEETING OF THE INTERNATIONAL COTTON ADVISORY COMMITTEE



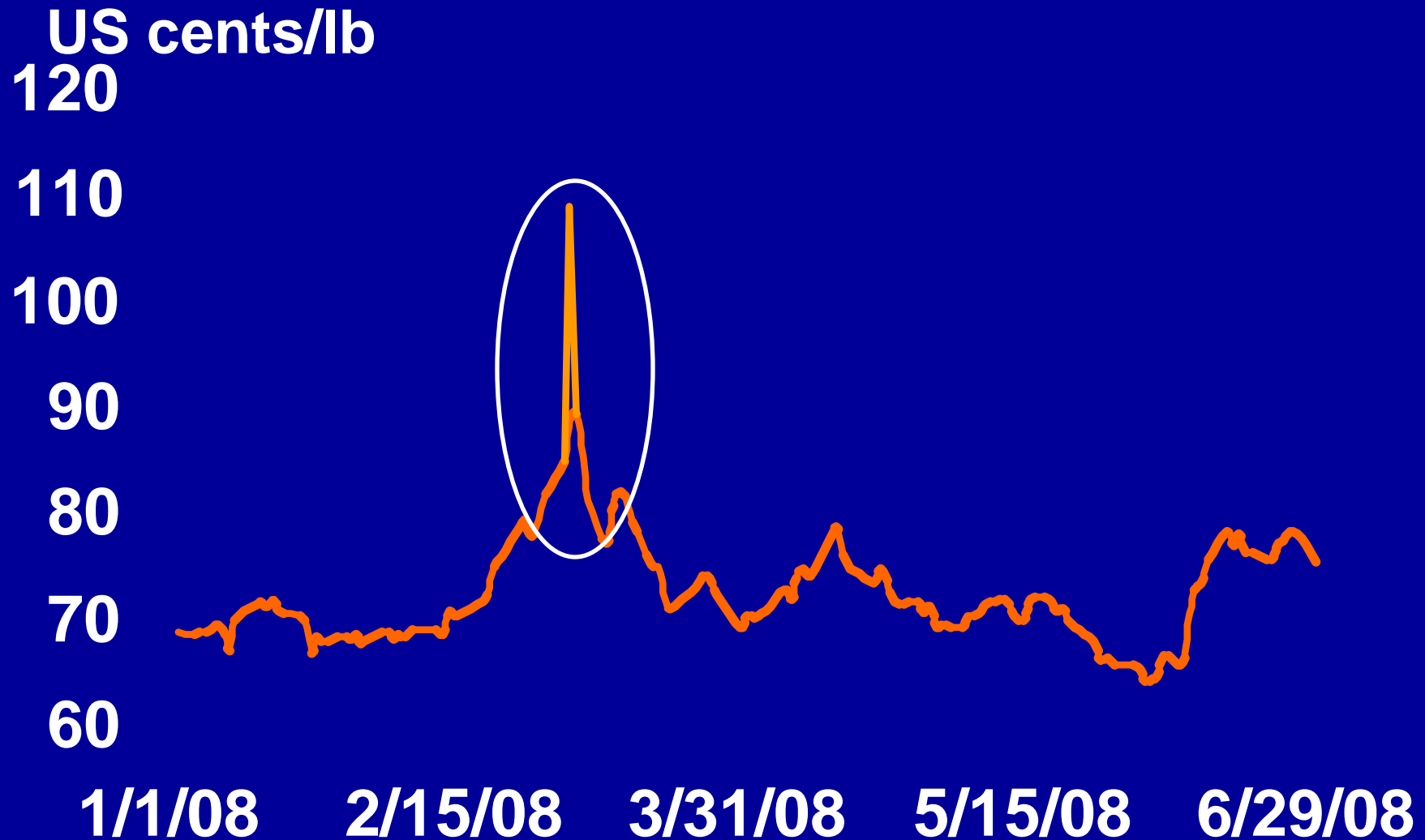
Lubbock, Texas, USA
September 19 to 24, 2010



Online registration starts May 1st 2010 at www.icac.org
For more information about the meeting, contact the office
of the Secretariat in Washington DC, USA
Email: plenaryinformation@icac.org
Tel: 1-202-463-6660
Fax: 1-202-463-6950



ICE COTTON PRICES



Companies Unable/Unwilling to Continue:

- **Albrech, Muller-Pearse**
- **Dunavant**
- **Joseph Walker**
- **Reinhart, USA**
- **Weil**

STRUCTURE OF WORLD TRADE BY FIRMS' OWNERSHIP

418 PRIVATE

22 GOVERNMENT

9 COOPERATIVES

STRUCTURE OF WORLD TRADE BY FIRMS' SIZE

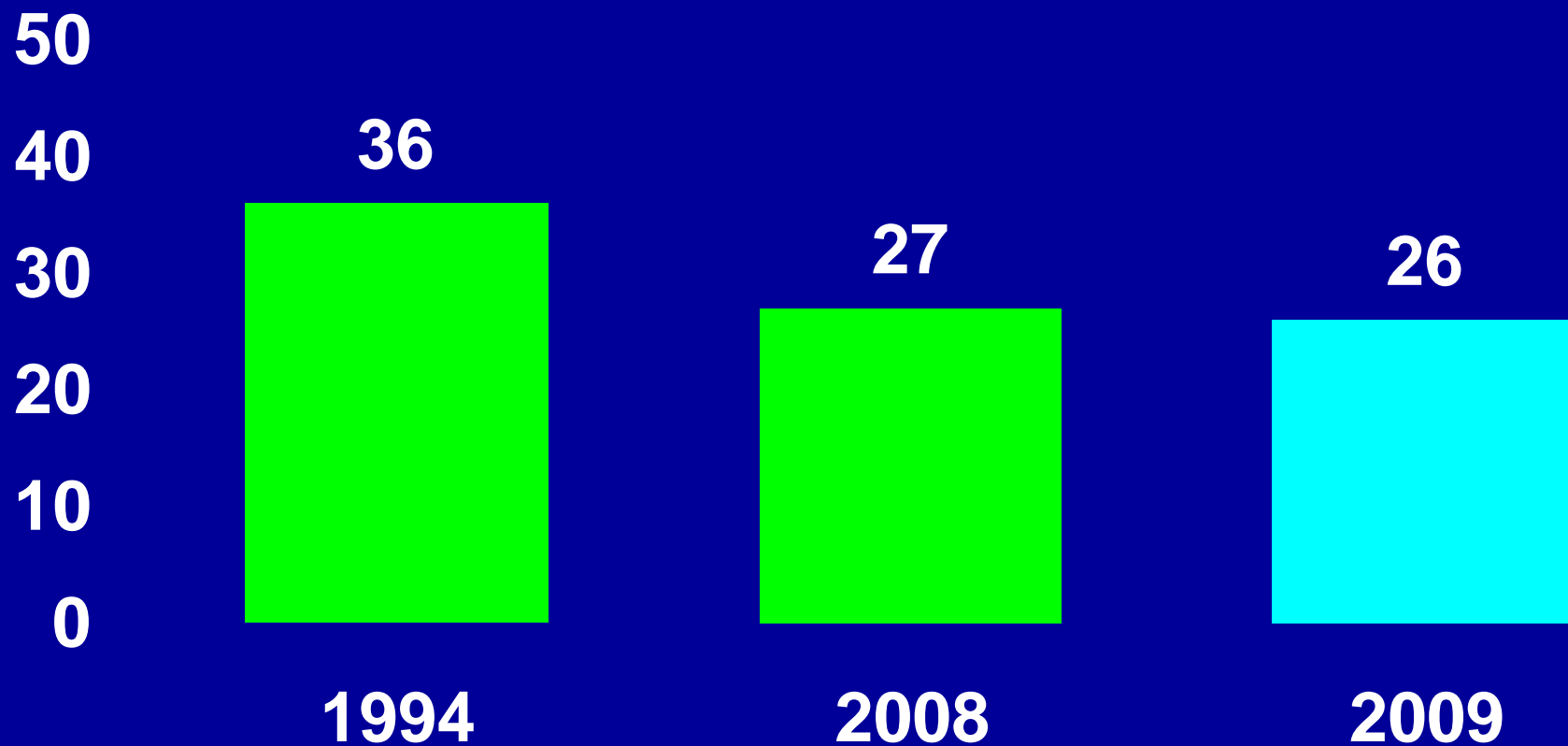
	1994	2009
LARGEST	19	10
LARGE	51	37
MEDIUM	50	51
SPECIALIZED		351

Largest

- **Allenberg** **USA**
- **Cargill** **USA**
- **Staple** **USA**
- **Olam** **Singapore**
- **Chinatex** **China**
- **Reinhart** **Switzerland**
- **Ecom** **USA**
- **MFERIT** **Uzbekistan**
- **Plexus** **UK**
- **Toyo** **Japan**

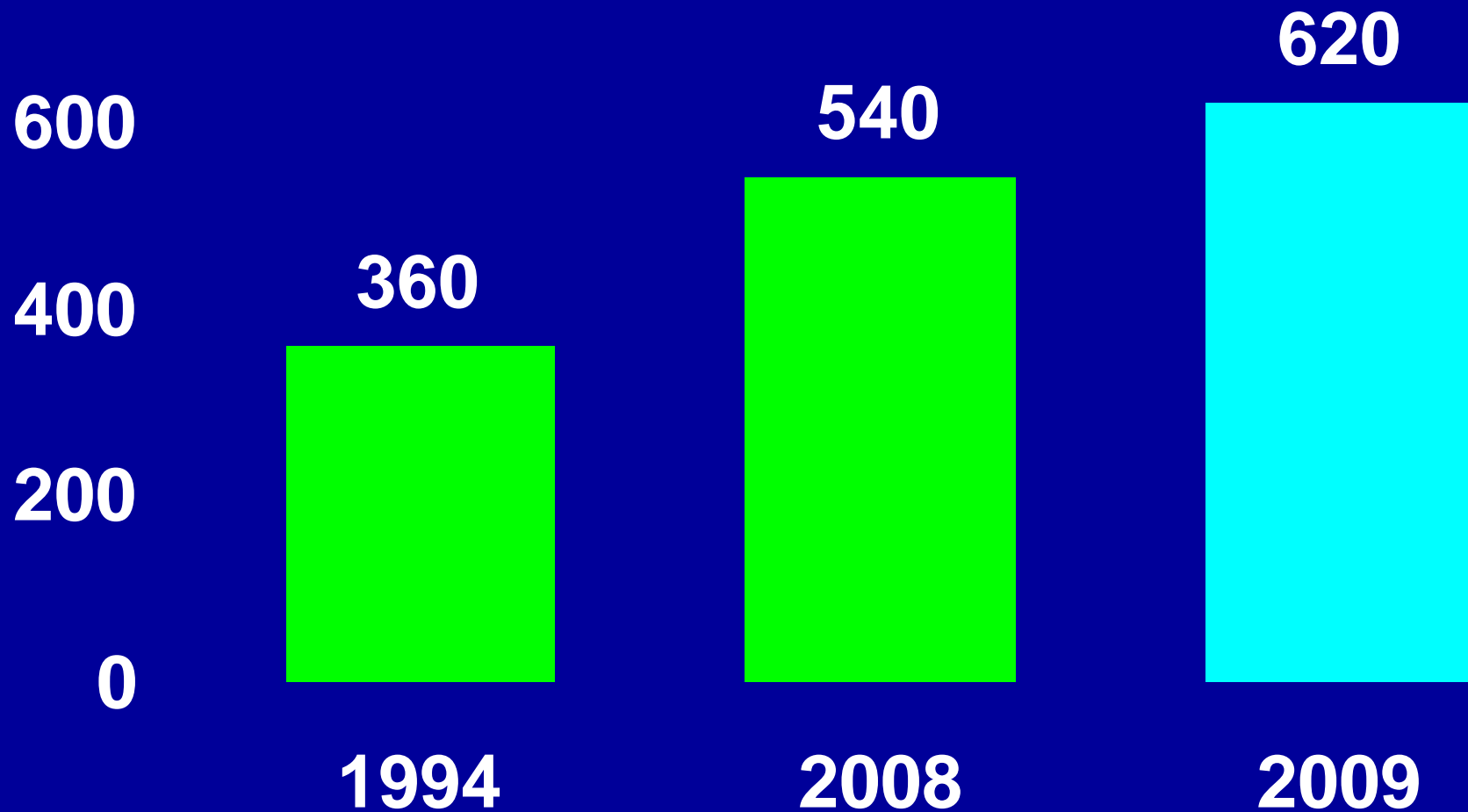
LARGEST FIRMS

Percent of World Production



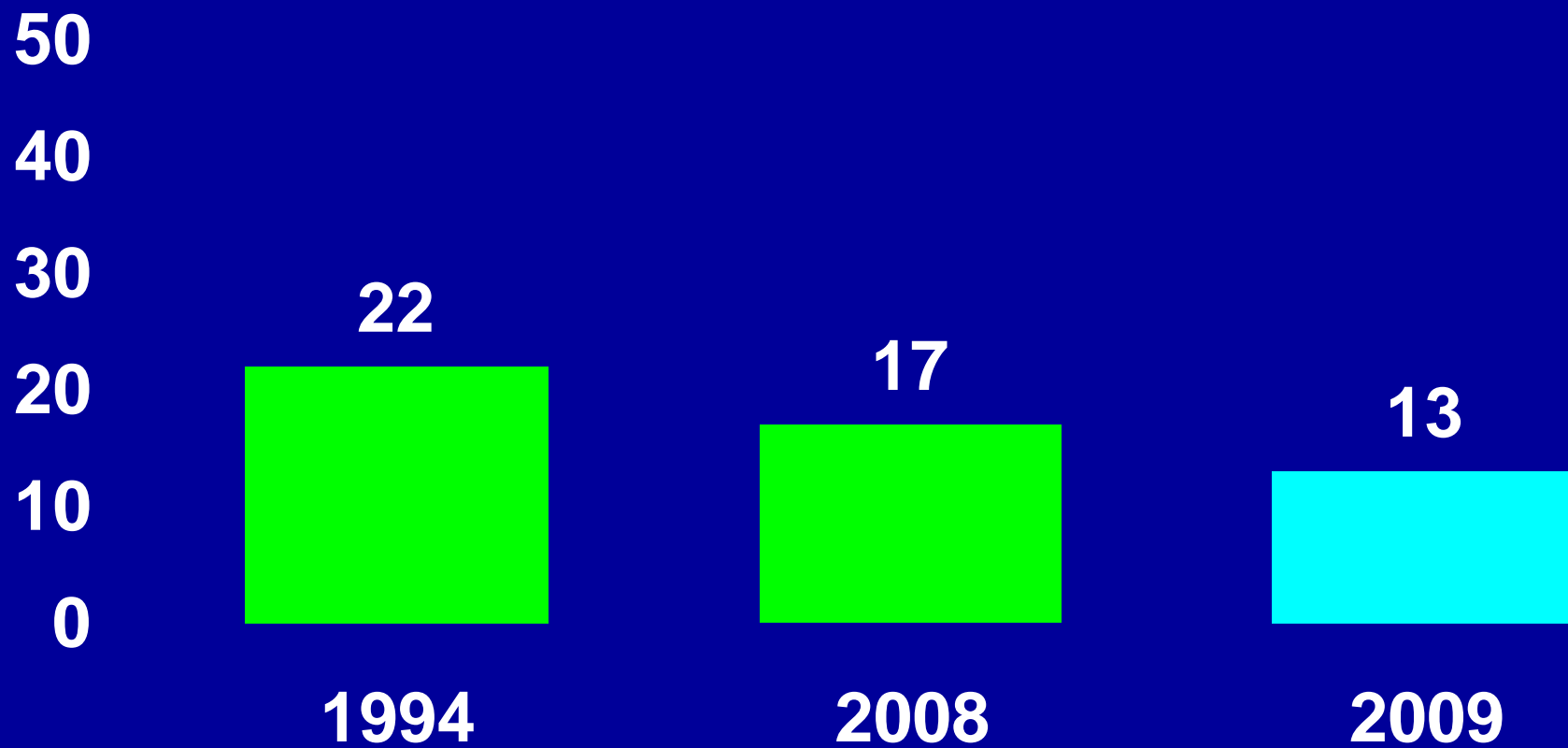
AVG. VOL. LARGEST FIRMS

Thousand Tons



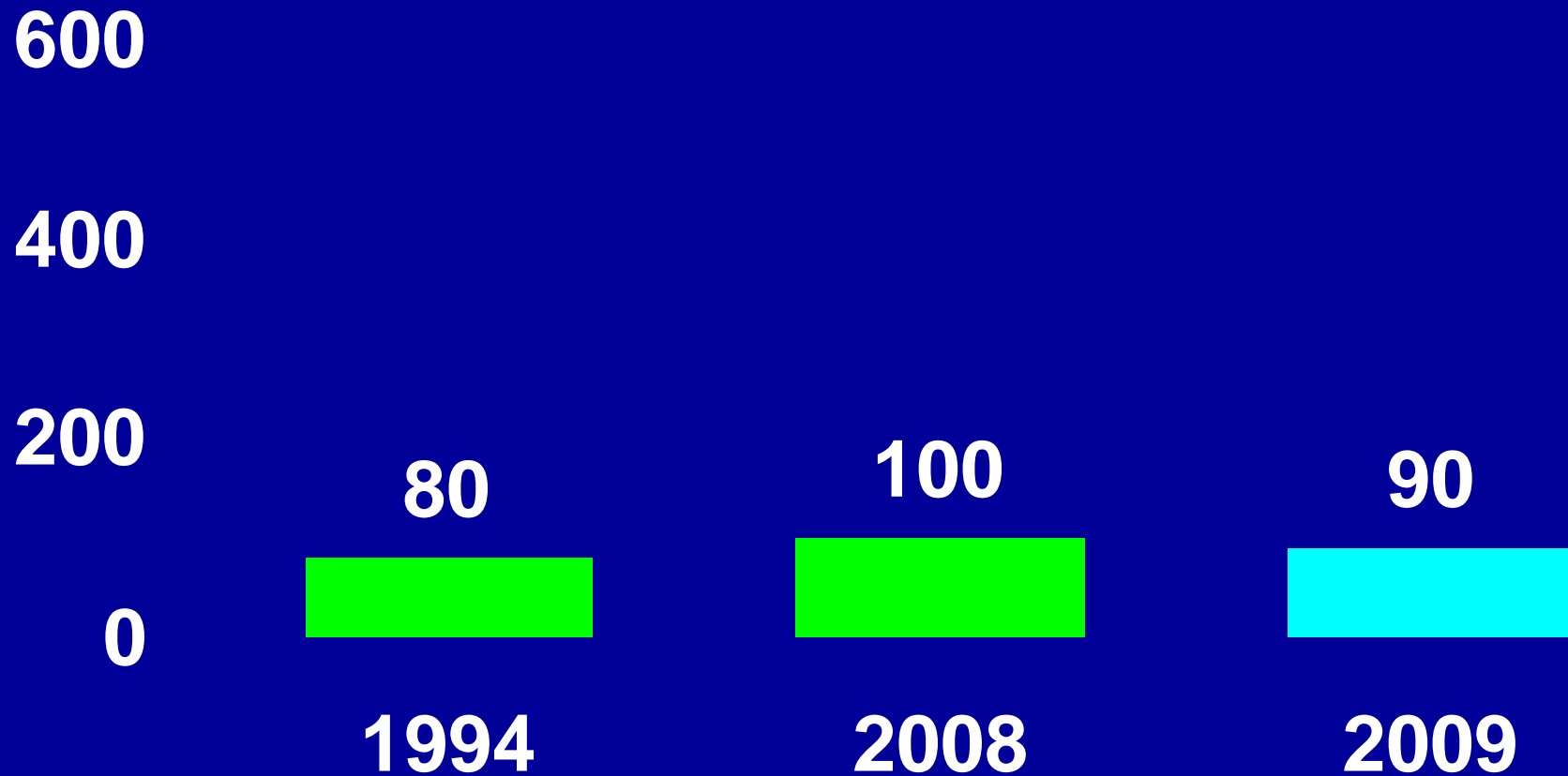
LARGE FIRMS

Percent of World Production



AVG. VOL. LARGE FIRMS

Thousand Tons



AVG. VOL. MEDIUM FIRMS

Thousand Tons

600

400

200

0

26

28

25

1994

2008

2009



Implications:

Competitive Market:

State Trading Agencies

Cooperatives

Publicly Traded Companies

Privately Held Companies

Largest handle just 1/4 of production

Implications:

- **Greater Capital Requirements:**

today: \$3 Line of Credit / \$1 Equity

2007: \$6 Line of Credit / \$1 Equity

- **Shorter time horizons to buy/sell**

Implications:

- Reduced hedging with futures/options

Feb 2010:

14¢ out-of-the-money Call = 2¢

Feb 2007:

4.6¢ out-of-the-money Call = 2¢

Implications:

- **Advantage for
multi-commodity,**

Multicountry / region firms:

Examples: Noble, DCC, Multigrain

Implications:

- **Different skills needed:**

Knowledge of Cotton no longer crucial,

Financial Management &

Access to Capital

determine business prospects