

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Date: 9/15/2010

GAIN Report Number: BR0618

Brazil

Cotton and Products Update

Record U.S. Cotton Exports Forecasted in 2010-11

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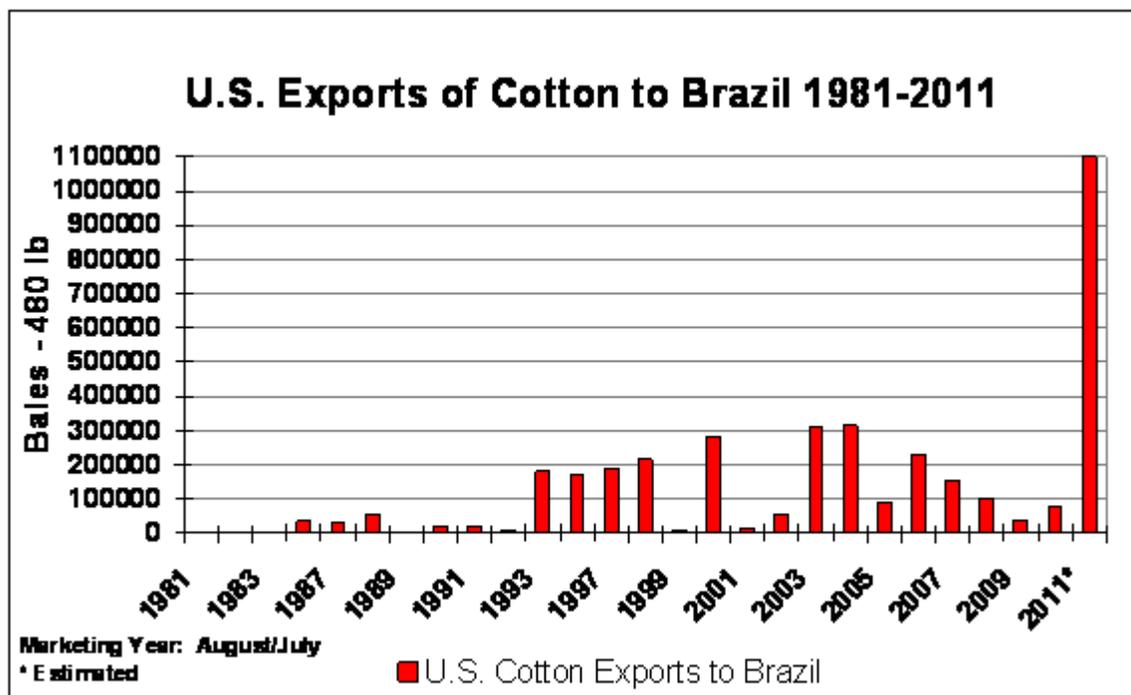
Report Highlights:

U.S. cotton exports to Brazil are estimated to reach 1,100,000 bales in marketing year 2010/11 more than triple the previous record set in 1994. The Government of Brazil (GOB) temporarily reduced the cotton import tariff from 10 percent to 0 percent for up to 250,000 metric tons (between October 2010 and May 2011) to address industry shortages as a result of a drought-reduced 2009/10 crop. The increased concentration of harvest between the months of June and August has further contributed to Brazil's need to import to compensate for tight carryover stocks.

Post: Brasilia

U.S. Cotton Exports to Brazil will reach New Record in 2010/11

U.S. cotton exports to Brazil in marketing year 2010/11 will reach an estimated 1,100,000 bales, more than triple the previous record of 335,000 bales set in 1994. Brazil is expected to import between 1,150,000 – 1,375,000 bales in 2010/11 with 90 percent U.S. origin cotton. Over the past five years, the United States has been the predominant cotton supplier to Brazil providing 60 percent of annual imports averaging 125,000 bales. U.S. cotton is attractive to Brazilian mills based on its price, reliable delivery, and mechanically-picked uniformity.



Source: USDA

Brazilian Cotton Industry Requests Government Support amidst Tight Stocks

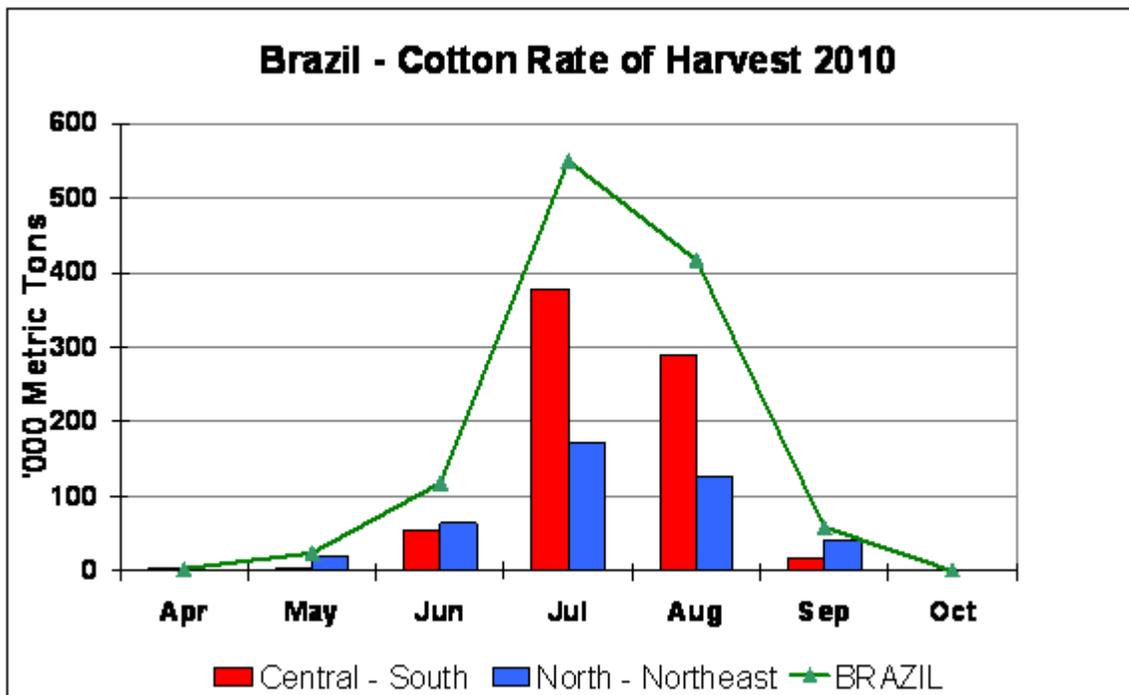
The Government of Brazil (GOB) lowered on September 14 the cotton import tariff from 10 percent to 0 percent for up to 250,000 metric tons (between October 2010 and May 2011) to address industry shortages as a result of a drought-reduced 2009/10 crop. Consensus on the tariff reduction proposal was established by the Brazilian Cotton Producers Association (ABRAPA), Brazilian Textile and Apparel Industry Association (ABIT), and Brazil's National Association of Cotton Exporters (ANEA) and presented to the Ministry of Agriculture's Sector Chamber on Cotton.

The proposed GOB action comes amidst high global cotton prices as resurging world demand has reduced global stocks to their lowest level in 15 years. Brazil faces a 20-30 percent drought-reduced 2009/10 crop. This follows two years of reduced cotton acreage totaling 30 percent as a result of the global financial crisis. The unanticipated quick cotton market recovery has increased contract defaults

as well as wash-outs on the part of producers.

Brazil's Cotton Harvest Becoming More Concentrated

The increased concentration of harvest between the months of June and August has further contributed to Brazil's tight carryover stocks. Production in southern states that harvest earlier (February-April) is disappearing. Production is consolidating in the Center-West and North-East regions of the country that harvest May through September. Industry has been encouraging the southern producers to re-enter the market in an attempt to secure input needs. Even so, Brazil is expected to become more reliant on imports pre-harvest from December through May. While harvest begins in May, little if any of new crop cotton is actually available for either export or domestic consumption in May and only limited amounts are available in June.



Source: CONAB/MAPA

Other relevant reports:

[BR0613 - Tight Cotton Stocks in Brazil](#)

[BR0608 - Cotton Annual Report 2010](#)

For internal use only:

[BR8004 - Cotton Transportation and Handling Overview](#)