



USDA Foreign Agricultural Service

# GAIN Report

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## Australia

### Cotton and Products

### Quarterly Lock-Up Report

### 2007

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**Report Highlights:**

Total cotton production for 2006/07 is forecast at 227 TMT, a decline of over 60 percent below the previous year level. The ongoing drought conditions led to abandonment as producers with reduced water allocations redirected water to focus on smaller areas; the 2006/07 harvest could potentially be the lowest sown area since 1983-84.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Quarterly Report  
Canberra [AS1]  
[AS]

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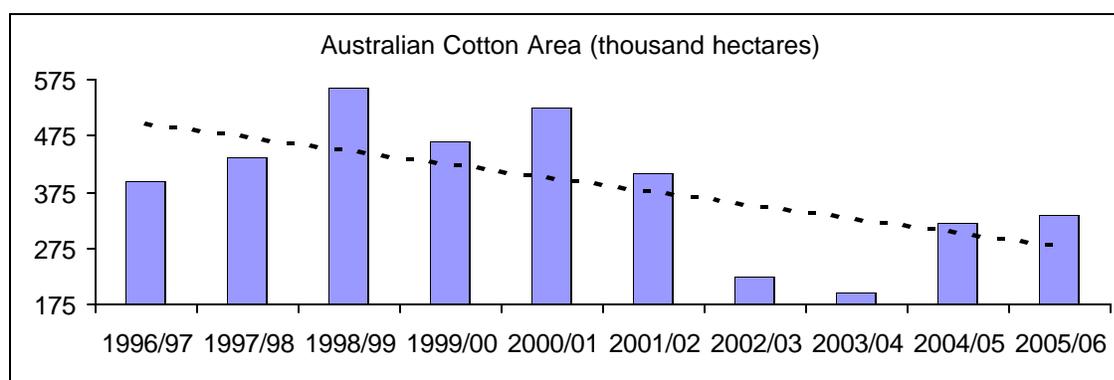
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## SECTION ONE: SITUATION AND OUTLOOK

### General

Severe drought conditions have continued throughout Australia since Post's last report. The drought, which began in 2002/03, has affected both inland cotton growing areas and adjacent catchment areas. The southern catchment area of NSW, for example, is reported to have suffered the worst drought in over 100 years. Extreme high temperatures in January and February have also added to the already difficult growing conditions.

ABARE has recently revised its forecast for 2006/07 cotton area downwards to 143,000 hectares, or 59 percent below the previous year's historically low area. This makes the 2006/07 harvest potentially the lowest sown area since 1983-84. The same report cited abandonment as one of the reasons for this low figure as producers with reduced water allocations redirected water to focus on smaller areas.



Source: ABARE (July-June)

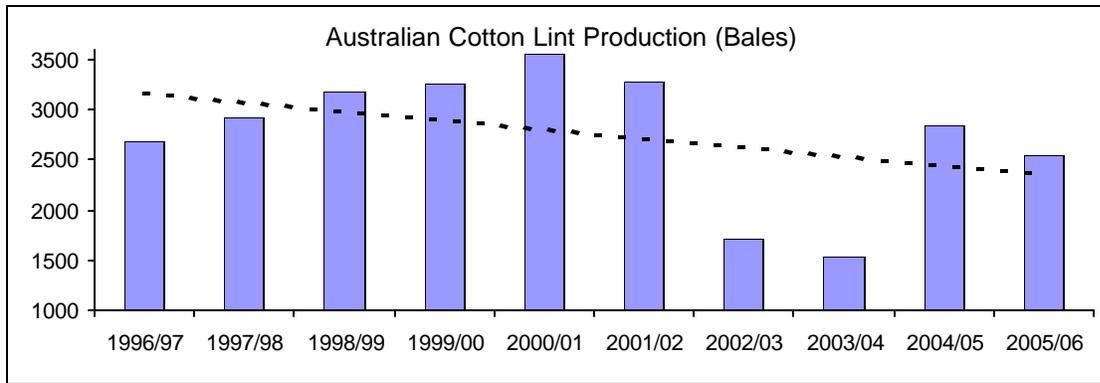
Central Queensland is the only significant cotton-growing region in Australia to receive average to above average rainfall this summer. Ironically, this region is preparing for harvest (due to commence in March) and some of the crop is believed to have suffered weather damage as a result of late rain. More recently, heavy rainfall has been received in coastal and tableland areas as well as northern NSW, but this is not expected to change cotton production or area numbers.

### Production

The forecast for total cotton production for 2006/07 has been reduced to 1.0 million bales, or about 227 TMT. If achieved, this crop would be more than 60 percent below the previous year level.

Severe drought has seen some crops abandoned while other crops received lower than optimal irrigation water. Industry sources suggest in some of the worst affected areas, as much as 40 percent of planted area may have received less than optimal water.

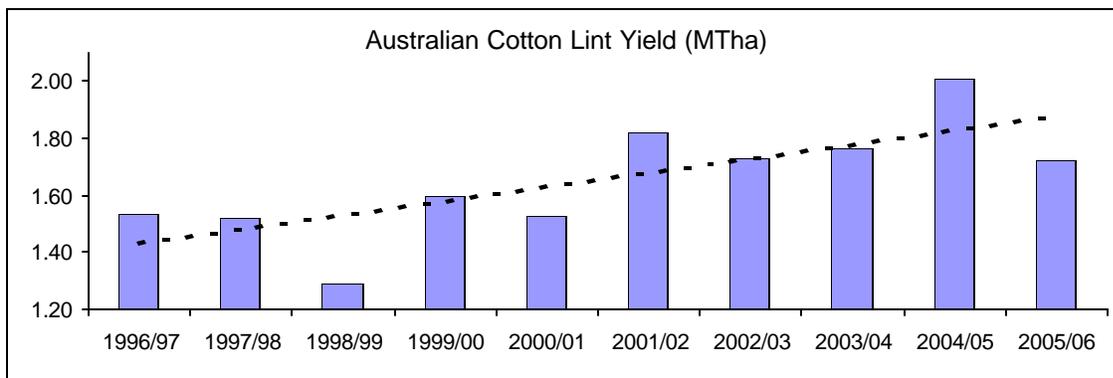
Lower production will likely result in lower ending stocks and lower exports.



Source: ABARE (July-June)

**Yield**

The forecast of 1.0 million bales (or 227 TMT) harvested from 143,000 hectares assumes an average yield of 1.58 MT per hectare, just under the 10-year average of 1.65 MT per hectare. Industry sources report some crops to have suffered from reduced water allocation and will likely yield less cotton as a result.



Source: ABARE (July-June)

**Exports**

Australian cotton exports for CY 2006/07 are forecast to fall to 458,000 MT (2.0 million bales). Post does not anticipate reductions below this level are likely as majority of the 2006/07 shipments are from cotton harvested from the 2005/06 crop.

## SECTION TWO: STATISTICAL TABLES

<b>PSD Table Cotton</b>										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		08/2004	08/2004		08/2005	08/2005		08/2006	08/2006	MM/YYYY
Area Planted	0	0	0	0	0	0	0	0	0	(HECTARES)
Area Harvested	314	314	314	336	336	336	145	155	143	(HECTARES)
Beginning Stocks	894	894	894	1957	1957	1957	1938	1805	1792	1000 480 lb. Bales
Production	3000	3000	3000	2800	2600	2640	1200	1278	1000	1000 480 lb. Bales
Imports	1	1	1	0	0	0	0	1	0	1000 480 lb. Bales
MY Imports from U.S.	0	0	0	0	0	0	0	0	0	1000 480 lb. Bales
Total Supply	3895	3895	3895	4757	4557	4597	3138	3084	2792	1000 480 lb. Bales
Exports	1998	1998	1998	2884	2762	2870	2250	2018	2017	1000 480 lb. Bales
Use	65	65	65	60	110	60	55	110	55	1000 480 lb. Bales
Loss	-125	-125	-125	-125	-120	-125	-125	-120	-125	1000 480 lb. Bales
Total Dom. Cons.	-60	-60	-60	-65	-10	-65	-70	-10	-70	1000 480 lb. Bales
Ending Stocks	1957	1957	1957	1938	1805	1792	958	1076	845	1000 480 lb. Bales
Total Distribution	3895	3895	3895	4757	4557	4597	3138	3084	2792	1000 480 lb. Bales
Stock to Use %	94.86185	94.86185	94.86185	65.8288	62.84819	61.16041	41.56182	50.56391	40.78185	(PERCENT)
Yield	2080	2080	2080	1814	1685	1711	1802	1795	1523	(KG/HA)

**Recent Reports from FAS/Canberra**

The reports listed below can all be downloaded from the FAS website at:  
<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Report Number	Title of Report	Date
AS7008	Import Risk Analysis Report for Apples from New Zealand	02/27/07
AS7007	Ag DownUnder Vol. 2, 2007	02/23/07
AS7006	Livestock Semi-Annual	02/20/07
AS7005	Ag DownUnder Vol. 1, 2007	02/02/07
AS7004	Grain Quarterly Update	01/25/07
AS7003	Tree Nuts Annual	01/11/07
AS7002	Promotion Opportunities Report	01/09/07
AS7001	Fresh Deciduous Fruit Annual	12/20/06
AS6081	Agriculture Minister Grants Two Bulk Export Permits	12/27/06
AS6080	Ag Down Under Vol. 18	12/08/06
AS6079	AWB Veto Power Transferred to Ag Minister for Six Months	12/08/06
AS6078	Final Import Risk Analysis Report for Apples from New Zealand Released	12/01/06
AS6077	Cotton Quarterly Update	11/30/06