Rethinking Cotton Promotion

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Global Fiber Demand at Retail Level

Million Bales

- Cotton
- MMF
- Polyester

Source: NCC, Feb. 2003
Textile Polyester Production

Million Bales

Other  T,J,SK  West. Hem  Europe  Asia

90 95 96 97 98 99 00 01 02 05

30
Consumer Demand for Cotton in U.S. Market
Cotton Share of Total Fiber Use in the United States*

*Includes all fiber usage such as carpet and industrial markets. Cotton’s share of retail apparel and home fabrics was approximately 60% in 2001.
Components of Retail Cotton Consumption

Million Bale Equivalents

- Domestic
- Imported

Year: 91, 92, 93, 94, 95, 96, 97, 98, 99, 00, 01, 02e
Consumer Demand for Cotton in Non-U.S. Markets

Million Bales

<table>
<thead>
<tr>
<th>Year</th>
<th>1981</th>
<th>1983</th>
<th>1985</th>
<th>1987</th>
<th>1989</th>
<th>1991</th>
<th>1993</th>
<th>1995</th>
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<td>55</td>
<td>60</td>
<td>65</td>
<td>70</td>
<td>75</td>
<td>80</td>
<td>75</td>
<td>70</td>
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<td>80</td>
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</tbody>
</table>
Cotton Share of Total Fiber Use in Non-U.S. Markets*

*Includes all fiber usage such as carpet and industrial markets.
Historical Fiber Consumption

CHINA

Kg Per Capita

Sources: PCI Fibres & Raw Materials, China Population Information and Research Center
Historical Fiber Consumption

INDIA

Kg Per Capita

Sources: PCI Fibres & Raw Materials, Census of India
Projected Fiber Consumption

CHINA

Kg Per Capita

Source: PCI Fibres & Raw Materials
China Cotton Mill Use

Million Bales

85 86 87 88 90 91 92 93 94 95 96 97 98 99 00 01 02
Projected Fiber Consumption

**INDIA**

Kg Per Capita

Source: Cotton Council International
India Cotton Mill Use

Million Bales

Year: 1985 - 2002

- 1985: 7
- 1986: 7
- 1987: 8
- 1988: 8
- 1989: 9
- 1990: 9
- 1991: 9
- 1992: 10
- 1993: 11
- 1994: 12
- 1995: 13
- 1996: 14
- 1997: 15
- 1998: 15
- 1999: 16
- 2000: 16
- 2001: 16
- 2002: 16
Market Forecast for India, 1995-2005

Domestic Consumption of Textile Fibers is Expected to Double

- **MMF:**
  - Market share is expected to **increase** from 32% to 55%
  - Overall volume growth of 13% per year

- **Cotton:**
  - Market share is expected to **decrease** from 68% to 45%
  - Overall volume growth of only 2.5% per year

Source: PCI Supply/Demand Report, 2000
We Know That Cotton Promotion Can Reverse the Trend
COTTON SHARE OF MARKET
APPAREL & HOME FURNISHINGS.*

Source: NPD and Trade Data
* Excludes Carpet
Cotton's Share of Market Apparel & Home Fabrics

Source: NPD and Trade Data
* Excludes Carpet
Cotton Demand a Function of Consumers’…

- Ability to identify fiber content in apparel
- Knowledge of the advantages of 100 percent cotton products versus man-made fibers
- Positive “emotional bond” toward cotton
Consumers Say *Cotton* is the Best Fiber for Today’s Fashions

*Cotton* is Described as...

“Comfortable”

“Soft”

“Breathable”

“Traditional”

“Quality Fabric”
Willingness to Pay More for Natural Fibers Tied to Age

Would you pay more for clothes made from natural fibers?

- **15-19 y.**
  - Yes: 52%
  - No: 39%

- **20-24 y.**
  - Yes: 57%
  - No: 37%

- **25-34 y.**
  - Yes: 65%
  - No: 28%

- **35-44 y.**
  - Yes: 70%
  - No: 25%

- **45-55 y.**
  - Yes: 70%
  - No: 24%
More Than Three-Fourths Look for Fiber Content Labels

How often do you look for a garment’s fiber content label?

- Never: 22%
- Sometimes: 28%
- Usually: 20%
- Always: 30%
Do You Know Your Country’s Labeling Laws???
Previous Promotion Initiatives
Mission

To encourage increased consumer demand for cotton
Objective

To encourage and facilitate national market development programs, organized by associations and commercial organizations in individual countries, and funded from domestic resources
Members

- Cotton Australia Ltd. (Australia)
- Asociacao Brasileira da Industria Textil (Brazil)
- ALCOTEXA (Egypt)
- Egyptian-German Cotton Sector Promotion Program (Egypt)
- Bremen Cotton Exchange (Germany)
- East India Cotton Association (India)
- Associazione Tessile Italiana (Italy)
- Gdynia Cotton Association (Poland)
- Cotton South Africa (South Africa)
- Centro Algodonero Nacional (Spain)
- Asociación Industrial Textil de Proceso Algodonero (Spain)
- Agrupación Española de Desmotadores de Algodón (Spain)
- Turkish Textile and Raw Materials Exporters Association (Turkey)
- Liverpool Cotton Association (UK)
- Cotton Council International (USA)
- Cotton Incorporated (USA)
- The Cotton Company of Zimbabwe Ltd (Zimbabwe)
Individual Country Activities

- Brazil
- USA
- South Africa
- Poland
- Australia
- Turkey
COTTON USA
Bonds to the Consumer by Touching Every Moment in Your Life
Cotton Day Promotion
India’s Growing Middle Class

Annual Income

The Very Rich
>Rs. 215000

The Consuming Class
Rs. 45000 - 215000

The Climbers
Rs. 22000 - 45000

The Aspirants
Rs. 16000 - 22000

The Destitute
<Rs. 16000

Source: NCAER
Indian Attitudes Towards Fiber

Among Indian consumers surveyed by BAIGlobal in 2001:

- 69% said “It’s important that my clothes are made from natural fibers”
- 75% said “I think that better quality clothes are made from 100% natural fiber
- 71% said *cotton* is the best fiber for current styles
The New Face of Cotton
The New Face of Cotton Now in India. The Seal of Cotton allows consumers to readily identify textile products containing quality cotton. Use the Seal on your textile products to reassure your customers that they are buying world-class textile products.
Challenges to Promotion

- Significantly Underfunded
- Synthetic Competition
- National Policies
- Lack of Labeling Laws
- National Competition
- Beating Each Other Over Supply
A Supply-Demand Equation Has 2 Sides — We Need to Work the Demand Side!!!
World Cotton Production

Million Bales

Year | 85 | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02
 Value |    |    |    |    |    |    | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 00 | 01 | 02

The chart shows the world cotton production from 1985 to 2002, measured in million bales, with peak production in 2001.
World Cotton Mill Use

Million Bales

85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02
Global Fiber Demand at Retail Level

Source: NCC, Feb. 2003