

China and the Future of Cotton

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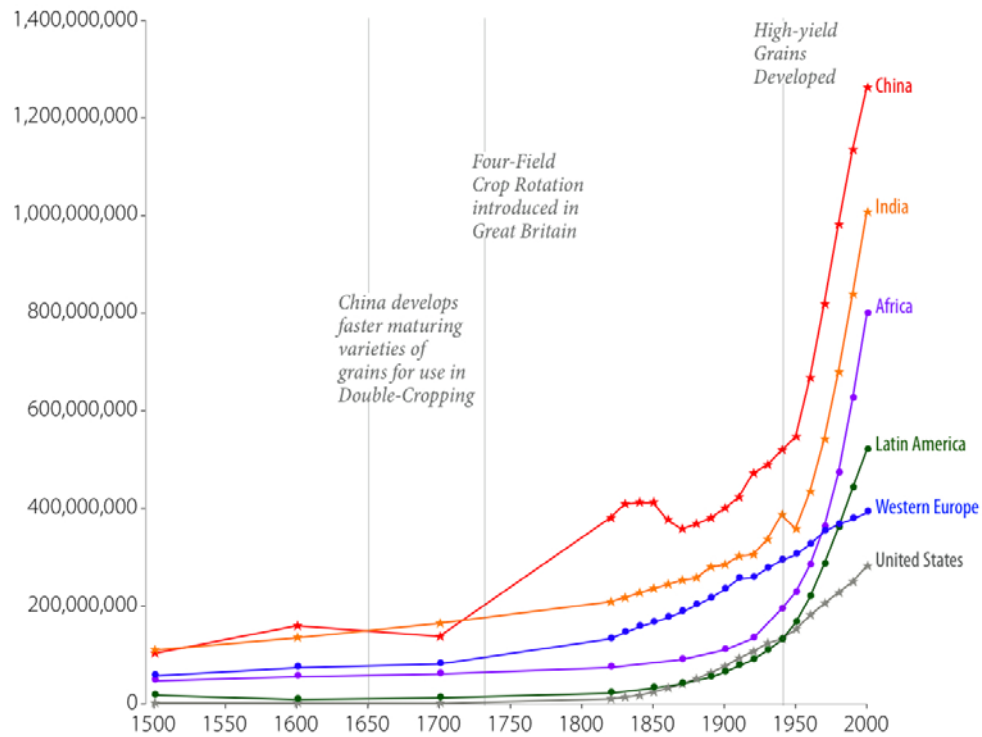
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Population Growth

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Making the Invisible Hand Visible to view more examples

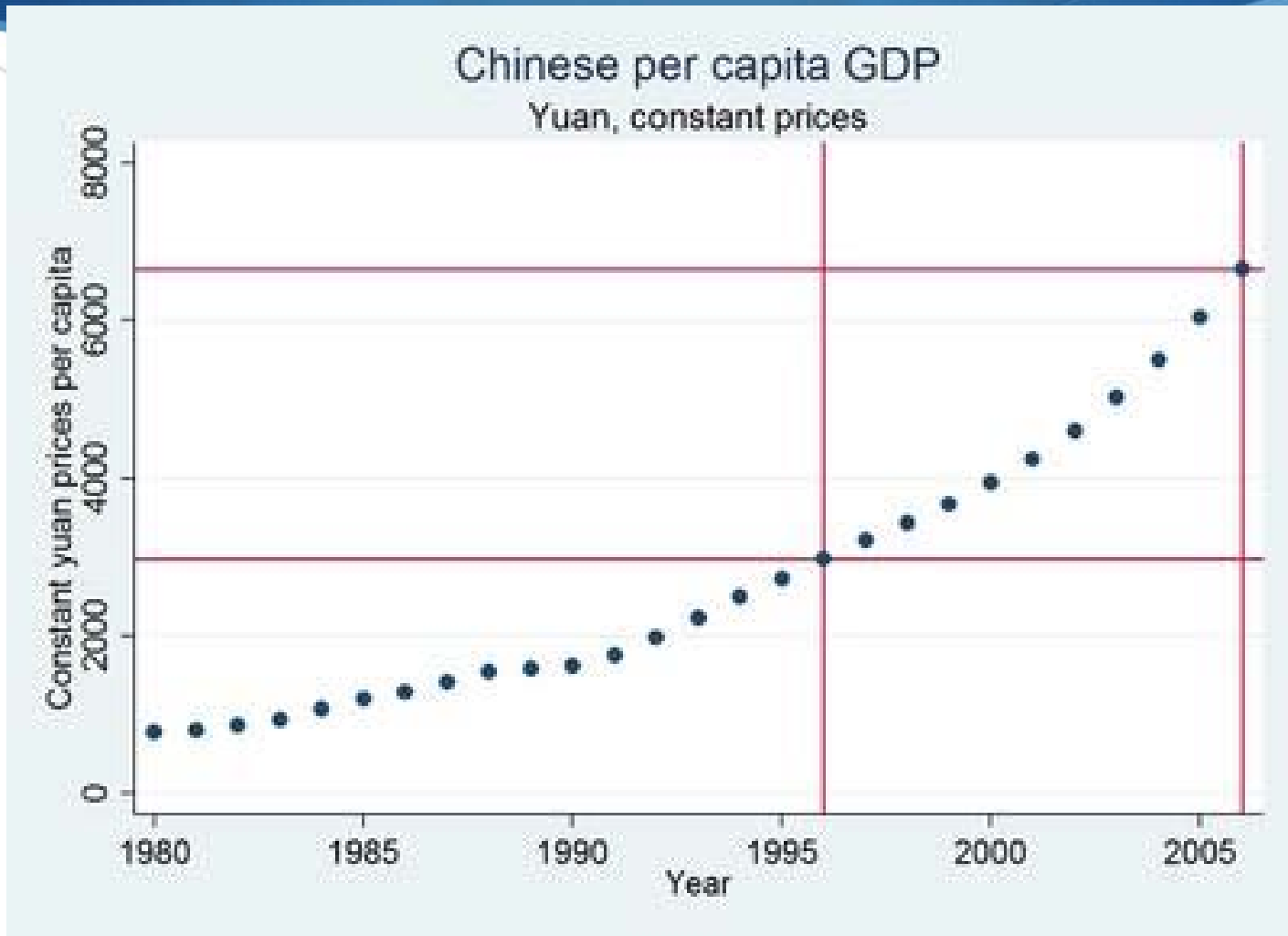
Population Growth over the Last 500 Years
China, India, Africa, Latin America, Western Europe, and United States



Source: Angus Maddison, University of Groningen



Income Growth



What if?

- ◆ What if Chinese cotton consumption equaled that of the United States?
 - ◆ 4.4 pounds/person in China – 33 pounds in the U.S.
 - ◆ Means an increase in cotton consumption over 80 million bales



Trends to Consider

- ◆ More population + higher incomes means more demand for:
 - ◆ Meat products – more acres devoted to grains
 - ◆ Textiles – both manmade and natural fibers
 - ◆ Energy – higher energy costs here



The future

- ◆ Need to prepare
 - ◆ Visit China
 - ◆ Learn Mandarin
 - ◆ Acquire a taste for Kung Pao chicken
- ◆ Understand the Chinese culture and business practices are very different that western sensibilities
- ◆ We cannot forget India as a demand source **and** export competitor



Don't get cocky...

- ◆ Brazil has almost 250 million arable land acres currently idle
 - ◆ For perspective, that is about the same as total U.S. arable land
- ◆ China is currently purchasing large parts of Africa as a means of self-producing

