Bringing More Transparency to Cotton Supply and Use Statistics

By

Mrs. Armelle Gruère, Statistician – Consultant, International Cotton Advisory Committee (United States)
Bringing More Transparency to Cotton Supply and Use Statistics

UNCTAD Global Commodity Forum
March 18-19, 2013

Armelle Gruère
International Cotton Advisory Committee (ICAC)
International Cotton Advisory Committee (ICAC)

• Intergovernmental organization (41 governments)
• Mission: assist governments in fostering a healthy world cotton economy
  o provides transparency on cotton market
  o clearinghouse for technical information on cotton production
  o forum for discussion of cotton issues of international significance
ICAC’s Statistics on Cotton Supply & Use

• Users: member governments, private sector, academia, international organizations, general public

• > 60 producing countries, > 90 consuming countries, > 120 importing and/or exporting countries

• Data collected for each country:
  - Beginning stocks
  - Production (area, yield)
  - Imports
  - Consumption
  - Exports
  - Ending stocks

  = Total Supply

  = Total Distribution
Importance of Having Accurate Mill Use and Stock Estimates

US cents/lb

World-less-China Stocks-to-Mill Use Ratio

Cotlook A Index
ICAC’s Current Sources of Statistics on Cotton S & U

Use of Official Data*

- Trade: 85%
- Production: 79%
- Mill Use: 25%
- Stocks: 5%

* Share of countries for which official data are used by ICAC.
Issues with Official Cotton Mill Use and Stocks Estimates

• **Cotton Mill Use:**
  – In many countries, not estimated by the government
  – Preference is given to estimation of production and exports of yarn
  – In China (40% of global mill use), official cotton yarn production estimates are object of debate

• **Cotton Stocks:**
  – In most countries, not estimated systematically by the government
  – Most countries do not understand the importance of estimating cotton stocks
General Issues Regarding Official Cotton S & U Estimates

- **Lack of resources** devoted to the collection of cotton statistics in some countries.

- **Lack of interest or willingness:**
  - Many governments are not interested in developing a cotton balance sheet or improving their system of data collection and publication.
  - Not all governments agree that transparency is beneficial to their interests. Some countries purposefully withhold information about commodity supply and use to advance national commercial interests.

- **Lack of data integrity:** Some governments collect data, but lack the procedures and standard to ensure data consistency and accuracy, thus undermine reliability of data collected.
ICAC’s Efforts to Increase Transparency

• Asks member governments and observers to submit annual reports to Plenary Meeting
• Advocates the use of metric units
• Published its sources of supply and use statistics by country
• Organized meetings focused on cotton statistics:
  - Workshop in China, June 2011 (5 participating countries)
  - Breakout session, November 2011 (>10 participating countries)
  - Breakout session, October 2012 (>10 participating countries)
• Published a report on 10 countries’ methodologies to measure cotton supply and use (December 2011)
Conclusions and Recommendations*

• Countries should develop accurate cotton S & U estimates

• It is important to reconcile these estimates in a **national cotton balance sheet**, to help decision making in the public and private sectors

• Key factors to consider: **Independence, reliability, transparency and timeliness**

• Necessity of **regulating** the collection of national cotton statistics, and **timely publication**

• **Involvement of the private sector** in the design and implementation of these regulations

* Endorsed by the ICAC during its 71st Plenary Meeting in October 2012.
Snapshot on Largest Cotton Producing and Consuming countries

- **China:** The central government is heading in the right direction with the setup of the National Cotton Market Monitoring System. Transparency to improve.

- **India:** Realized after ICAC workshop that current system of data collection was imperfect. In the process of developing a new Cotton Statistics Bill.

- **United States:** Adequate system of collection and dissemination of cotton statistics.

- **Pakistan:** Reliable tracking of cotton arrivals, but improvements could be brought to reconcile the various elements of the balance sheet, and estimate bale weight.
How to Move Forward?

• Difficult to motivate governments to change the way they do things, especially if cotton is not a major commodity.

• Difficult to make the government bodies responsible for the collection of different data reconcile their estimates in a balance sheet.

• Improvements in national cotton statistics systems might be more reliable in the long-term if undertaken under a general approach, covering many commodities.

• Should the ICAC focus on the top 10 producing and consuming countries?
Thank you!