ORIGIN/ACTION ARA-10

RM/R	REP	AF
1	1	
ARA	EUR	FE
NEA	CU	INR 5
E 12	P	IO
L	FBO	AID 9
OC/T 1		
AGR 10	COM 10	FRB 3
INT	LAB	TAR 2
TR 4	XMB	AIR
ARMY	CIA 10	NAVY
OSD	USIA	NSA 3

(25)

DEPARTMENT OF STATE

AIRGRAM

INCO-COTTON 17 LA

FOR RM USE ONLY

CA-3980 UNCLASSIFIED

NO.

HANDLING INDICATOR

RECEIVED DEC 6 2 01 PM '67 AMERICAN EMBASSY BRASILIA, BRAZIL

SUBJECT

DEC 4 11 31 AM '67

TO : All Latin American Diplomatic Posts

FROM : Department of State DATE:

SUBJECT : Latin American Cotton Prospects.

REF :

The short cotton crop in the United States this year, and rapid disappearance of U. S. surplus stocks, is strengthening cotton prices on world markets, and should be reflected in larger returns from Latin American cotton exports next year.

The world carryover of raw cotton at the opening of the new season in August totaled about 26 million bales, a decline of 4.1 million from a year earlier. A further reduction will occur during this season, with most of the change in the U. S. Stocks in this country are expected to drop from 12.4 million bales as of the opening of the season to below 7 million bales by August 1, 1968. This will be the lowest end of season stock level since 1953.

Prices for most growths at the opening of the new season were at least two cents above the average of the previous year in the Liverpool market - more for longer staples - and prices are still rising.

Type	Price c.i.f. Liverpool (Cents per Pound) 1966 Average	August 1967
Mexican 1 1/16"	29.34	31.34
Brazil, S. Paulo #5	24.77	26.96
Nicaraguan 1 1/16"	27.60	30.65
Peruvian Tanguis	37.23	37.96
Peruvian Pima	43.91	47.70

EMBOFFICE Brasilia

P.O. Pol/Econ 2 Adm. PER GSO Cons Usis PSO IRI MSO ACTION TAKEN

UNCLASSIFIED

FORM 4-62 DS-323

FOR DEPT. USE ONLY ☐ In ☑ Out

Drafted by: ARA:ECP:JHMulliken:jd-12/1/67

Contents and Classification Approved by: ARA/ECP - John Krizay

Clearances: FTD - Mr. Alexander substance USDA - Mr. Pritchard phone

Latin America's exports of cotton during the 1966-1967 season are estimated at about 4 million bales, of which South America shipped about 1.7 million bales, Central America about .9 million bales and Mexico about 1.4 million bales. Estimating the average price increase at only 2 cents a pound, or $10 per bale, the value of this year's crop should exceed last year's by about $40 million, or possibly more, since Latin American production for 1967-1968 is currently estimated at 6.9 million bales compared with 6.7 million for 1966-1967. Posts where cotton exports are a significant element of host country's exchange earnings should take account of this apparent trend in making balance of payments projections.

RUSK