

**The America's Cup of Cotton Costs:  
Australia versus the United States**

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**Abstract**

The comparative advantage<sup>1</sup> of cotton production was examined for three production systems in the United States and four production systems within Australia. Operating expenses, income, operating margin and machinery fixed costs are presented. Tax, social structure, subsidies and capital investment differences are also discussed. Sensitivity analysis was conducted varying the exchange rate and crop yields. Conclusions were drawn on the competitive advantages of investing in cotton production in Australia versus the US.