

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Pakistan

**Post:** Islamabad

### Cotton Update

**Report Categories:**

Cotton and Products

Agricultural Situation

**Approved By:**

David Williams

**Prepared By:**

M. Shafiq Ur Rehman

**Report Highlights:**

Pakistan's 2015/16 cotton production is forecast at 9.2 million 480 lb bales, down 800,000 from the previous estimate, and the lowest level since 2010. Insect damage and Cotton Leaf Curl Virus appear to be heavier than usual as farmers have reduced inputs in an effort to reduce costs in the face of lower cotton prices. Farmers are also expected to reduce the number of pickings as a result of lower prices. Cotton imports are expected to more than double to 2.3 million bales to offset the reduced supply of domestic cotton.

## Cotton Production Expected Lower

MY 2015/16 cotton production is now expected to be 9.2 million 480 lb bales, down 800,000 bales from the previous estimate, the lowest level since 2010. While there is some indication that heavy rains around the start of planting affected yields, insects such as whitefly and jassids (leafhoppers) along with a worse than usual prevalence of the Cotton Leaf Curl Virus seem to have hit yields harder than in recent years. Boll worms are also having some effect on yields. While most of Pakistan's cotton crop is produced from biotech seeds and contains a gene that is poisonous to the bollworm, the technology that has been approved for use in Pakistan is 15 years old, has been backcrossed into local seeds, and lacks the enhanced resistance of newer and more effective seeds.

Low cotton prices have also prompted farmers to reduce the application of fertilizer and insecticides in an effort to minimize input costs relative to expected low returns from cotton sales. Because Pakistan's crop is harvested by hand, farmers can go through and pick multiple times as the crop flowers. When cotton prices are high, farmers may pick into November, delaying the planting of wheat. However, with low market prices, farmers are expected to reduce labor costs by minimizing pickings and possibly planting wheat earlier than usual (a practice that usually leads to higher wheat yields) because of the greater price certainty that Pakistan's regulated wheat market provides.

MY 2015/16 imports are forecast at 2.3 million bales to make-up for the shortfall in production, meanwhile exports are expected lower due to tighter exportable supplies.

**Table 1: Cotton Trade Data:**

| <b>Pakistan: Cotton Imports and Exports<br/>In Metric Tons for 2013/14 &amp; 2014/15 (Aug/Jul)</b> |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| <b>Month</b>   | <b>Imports</b> |                | <b>Exports</b> |                |
|  | <b>2013/14</b> | <b>2014/15</b> | <b>2013/14</b> | <b>2014/15</b> |
| August   | 9,022          | 7,314          | 14,031         | 9,172          |
| September  | 8,691          | 6,661          | 17,638         | 17,928         |
| October  | 9,306          | 7,133          | 8,506          | 15,688         |
| November   | 9,904          | 13,529         | 16,684         | 15,083         |
| December   | 24,403         | 7,166          | 15,956         | 10,580         |
| January  | 62,615         | 12,237         | 8,933          | 14,346         |
| February   | 47,233         | 13,848         | 5,406          | 4,617          |
| March  | 35,762         | 23,203         | 9,912          | 1,612          |
| April  | 18,153         | 25,545         | 7,560          | 2,261          |
| May  | 10,570         | 23,212         | 4,080          | 1,221          |
| June   | 15,197         | 21,608         | 719            | 658            |
| July   | 6,263          | 20,315         | 1,851          | 4,003          |
| <b>Total</b>   | <b>257,119</b> | <b>181,771</b> | <b>111,276</b> | <b>97,169</b>  |

**Table 2: Production Supply and Demand Data Statistics:**

| Cotton<br>Pakistan   | 2013/2014                      |             | 2014/2015                      |          | 2015/2016                      |          |
|----------------------|--------------------------------|-------------|--------------------------------|----------|--------------------------------|----------|
|                      | Market Year Begin: Aug<br>2013 |             | Market Year Begin: Aug<br>2014 |          | Market Year Begin: Aug<br>2015 |          |
|                      | USDA<br>Official               | New<br>Post | USDA<br>Official               | New Post | USDA Official                  | New Post |
| Area Planted         | 0                              | 0           | 0                              | 0        | 0                              |          |
| Area Harvested       | 2,900                          | 2,900       | 2,950                          | 2,950    | 2,900                          | 2,900    |
| Beginning Stocks     | 2,710                          | 2,710       | 2,475                          | 2,475    | 2,875                          | 2,750    |
| Production           | 9,500                          | 9,500       | 10,600                         | 10,500   | 10,000                         | 9,200    |
| Imports              | 1,200                          | 1,200       | 900                            | 850      | 1,150                          | 2,300    |
| MY Imports from U.S. | 0                              | 0           | 0                              | 0        | 0                              | 0        |
| Total Supply         | 13,410                         | 13,410      | 13,975                         | 13,825   | 14,025                         | 14,250   |
| Exports              | 510                            | 510         | 475                            | 450      | 500                            | 400      |
| Use                  | 10,400                         | 10,400      | 10,600                         | 10,600   | 10,800                         | 11,125   |
| Loss                 | 25                             | 25          | 25                             | 25       | 25                             | 25       |
| Total Dom. Cons.     | 10,425                         | 10,425      | 10,525                         | 10,625   | 10,825                         | 11,150   |
| Ending Stocks        | 2,475                          | 2,475       | 2,875                          | 2,750    | 2,700                          | 2,700    |
| Total Distribution   | 13,410                         | 13,410      | 13,975                         | 13,825   | 14,025                         | 14,250   |
| Stock to Use %       | 23                             | 23          | 26                             | 23       | 24                             | 23       |
| Yield                | 713                            | 713.        | 782                            | 775.     | 751.                           | 690.     |

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA