

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 11/5/2010

GAIN Report Number: UZ1005

Uzbekistan - Republic of

Cotton and Products Update

Cotton Production Update

Approved By:

Rachel Nelson,
Agricultural Attache

Prepared By:

Nizam Yuldashbaev,
Agricultural Specialist

Report Highlights:

Uzbekistan's cotton harvest has almost come to an end. MY 2010/11 lint production is forecast at 4.8 million bales, which is about 3.2 percent more than the previous Post estimate. The export forecast has been lowered to 3.2 million bales.

Post: Tashkent

PRODUCTION

Uzbekistan's MY2010/11 cotton harvest has almost come to an end, although in some regions farmers are still reportedly continuing to pick some remaining cotton as the warm weather continues to allow this. This year the GOU tried especially hard to get all labor possible to participate in the harvest in addition to farmers, in order to complete most of the harvest in a short period. According to observers, this increased pressure was because global cotton prices hit a record high, especially for Uzbek cotton which is currently priced in world market at over USD 3400 per 1 ton.

On October 16, the state media declared that farmers had reached the official production target of 3.4 million metric tons (MMT) of seed cotton, however the final official production numbers are not yet available. Good spring weather this season allowed farmers to plant cotton on time with almost with no replanting, and then good summer temperatures and relatively adequate irrigation water supplies resulted in a good vegetation process. So, experts believe these favorable weather conditions led to a high quality crop this year. The high quality is also a reflection of the GOU's consistent policy of developing early-season cotton varieties (see table 3). Based on above mentioned factors, Post preliminarily forecasts Uzbekistan's MY2010/11 lint production at 4.8 million bales. This is slightly less than official government forecasts.

Production Policy

The GOU's cotton policy continues to focus on maintaining stable production and improving quality and fiber characteristics, according to speeches of government officials given at the 6th International Uzbek Cotton Fair.

In line with this policy, year by year Uzbekistan is increasing the area sown with faster-maturing varieties. During the last six years, the government initiated a major program to reform the cotton sector and improving fiber quality (see table 3).

Domestic prices

As usual, at the end of August the Uzbek Ministry of Finance set up official procurement prices for seed cotton (see table 4). The average price of seed cotton (2nd grade, type 'Urta') in MY2010/11 was 587,980 Sums per 1 ton.

Current official exchange rate: Sums 1628 = USD1.00

CONSUMPTION

At the recent 6th International Uzbek Cotton Fair, government officials announced that domestic cotton consumption by the end of 2010 will reach 350,000 tons. At the same time Uzbekistan plans to increase its domestic consumption in the textile industry up to 70 percent by 2015. Currently there are over 240 textile companies operating in the country which produce cotton yarn and some ready-wear garments. The spinning and weaving industries continue to invest heavily in new equipment as well as to renovate existing equipment due to improving profitability over the past five years. Looking to the future, the textile industry knows that if it wants to remain competitive in the global market it must aggressively pursue quality improvements and diversify production to include more value-added products, rather than to

rely mainly on low-value yarn based exports. As for the cotton ginning industry, in accordance with the government's program (2007-2011) on modernization and reconstruction of existing cotton gins, as of today 91 of 99 cotton gins were fully reconstructed.

TRADE

Exports of cotton lint are projected to continue declining, although slowly. Post forecasts MY 2010/11 lint exports at 3.2 million bales. After the recent International Uzbek Cotton Fair, officials from the Ministry of Foreign Economic Relations, Investments and Trade (MFERIT) announced that during the Fair contracts for purchases of more than 650,000 tons of lint were signed. Most of these contracts, however, are memoranda of intent, but not finalized sales. Uzbekistan remains a major supplier of cotton to Asia, with Bangladesh, China, South Korea and Russia as the major markets for Uzbek cotton. For example, last year Uzbek share in Bangladesh's total cotton imports equaled 38 percent or 350,000 tons.

Also, according to the latest official news, a Chinese company and MFERIT signed a memorandum on creation of a joint venture to provide spot sales of Uzbek cotton through the free trade zone in Tianjin, China. According to the manager of the Chinese company, this Uzbek-Chinese joint venture plans to start trading Uzbek cotton through an electronic trade platform by the end of 2010. The joint venture reportedly aims to sell 100,000 tons of Uzbek cotton annually. This is significant because this kind of joint venture with China has not been seen before in the cotton industry in Uzbekistan.

This week, a delegation from Bangladesh is in Uzbekistan, reportedly meeting with the cotton sector to discuss how to address high cotton prices.

STATISTICAL TABLES

Table 1: Cotton Production, Supply and Demand

Cotton Uzbekistan	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Aug 2008		Market Year Begin: Aug 2009		Market Year Begin: Aug 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	1,400	0	1,315	0	1,316
Area Harvested	1,420	1,400	1,300	1,300	1,300	1,316
Beginning Stocks	1,348	1,348	1,948	1,948	948	1,098
Production	4,600	4,600	3,900	4,100	4,800	4,800
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	5,948	5,948	5,848	6,048	5,748	5,898
Exports	3,000	3,000	3,800	3,800	3,750	3,200
Use	1,000	1,000	1,100	1,150	1,150	1,600
Loss	0	0	0	0	0	0
Total Dom. Cons.	1,000	1,000	1,100	1,150	1,150	1,600
Ending Stocks	1,948	1,948	948	1,098	848	1,098
Total Distribution	5,948	5,948	5,848	6,048	5,748	5,898
Stocks to use %	49	49	19	22	17	23
Yield	715	715	653	687	804	794

1000 HA, 1000 480 lb. Bales

Table 2: MY2010/11 Seed cotton planted area and harvest data by region as of October 22, 2010

REGION	Area (Ha)	Target (MT)	Actual Production
Karakalpakstan Rep.	94,700	180,000	188,003
Andijan region	99,600	283,000	293,080
Bukhara region	110,400	342,000	351,157
Djizakh region	101,800	224,000	224,270
Kashkadarya region	160,400	417,000	434,723
Navoi region	35,800	100,000	104,466
Namangan region	86,600	240,000	240,413
Samarkand region	99,200	238,000	243,112
Surkhandarya region	119,600	335,000	343,625
Syrdarya region	110,700	238,000	233,538
Tashkent region	100,200	255,000	255,271
Fergana region	103,600	290,000	290,185
Khorezm region	93,400	258,000	261,342
TOTAL	1,316,000	3,400,000	3,463,185

Table 3. The main planted cotton varieties in MY2010/2011 and their quality characteristics

Variety	Micronair unit	UHML Inch	Strength of/tex	UI %	Reflectance %	Yellowness %
An-Bayaut 2	4,53	110,56	29,60	82,39	79,08	8,80
Andijan 35	4,64	109,87	30,94	83,24	79,26	9,15
Bukhara 102	4,27	112,62	31,67	83,53	79,63	8,81
Bukhara 6	4,43	113,08	31,66	83,46	80,47	9,04
Bukhara 8	4,39	113,04	31,68	83,75	80,31	9,05
Namangan77	4,57	110,81	30,84	83,29	79,53	8,70
Omad	4,51	114,69	30,36	83,47	78,83	8,40
Tashkent 6	4,30	109,97	30,45	82,28	77,63	8,69
Horezm 127	4,63	112,66	31,37	83,16	80,72	8,39

Table 4. The State procurement prices for seed cotton in MY2010/11 (in Sums/ton)

Cotton grade	Cotton Class	Cotton fiber types/codes								
		Long staple cotton varieties					Medium staple cotton			
		1a	1b	1	2	3	4	5		6
		43	42	41	40	39-38	37-36	35	34	33
I	1	1048500	958440	913420	804060	726870	652060	643250	634890	627170
	2	1021660	933910	890040	783480	708270	635370	626790	618640	611120
	3	817520	747300	712200	626930	566750	508420	501550	495030	489010
II	1	958410	876090	834930	734980	664420	596040	687980	580340	573280
	2	878860	803370	765630	673970	609270	546560	539180	532170	525700
	3	807940	738540	703850	619580	560100	502460	495670	489220	483280
III	1	839560	767460	731400	643840	582030	522130	515070	508370	502190
	2	746600	682470	650410	572550	517580	464310	458040	452080	446590
	3	528080	482730	460050	404970	366090	328420	323980	319770	315880
IV	1	624880	571210	544380	479200	433200	388620	383360	378380	373780
	2	484950	443300	422480	371900	336200	301590	297520	293650	290080
	3	370900	339050	323120	284440	257130	230670	227550	224590	221860
V	3	259730	237420	226270	199180	180060	161530	159340	157270	155360