

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Uzbekistan - Republic of

Cotton and Products Update

Cotton Update

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Report Highlights:

Post forecasts MY14/15 lint production at 4.3 million bales. Generally favorable weather conditions are countered by irrigation water deficit in the South and some pest problems during vegetation in several regions. Uzbekistan's MY2014/15 domestic lint consumption is forecast at 1.5 million bales. MY2013/14 and MY 2014/15 lint exports are both forecast at 2.9 million bales.

PRODUCTION

The government's official targets for marketing year (MY) 2014/15 planted area and seed cotton production are reportedly set at 1.28 million ha and 3.35 million metric tons (MMT), respectively, unchanged from the last MY. This year's sowing campaign finished on-time in almost all cotton growing regions. Most regions experienced normal rainfall during the planting season, although roughly 15-20 percent of the total planted area required replanting due to localized storms in early April. In addition, in southern regions, specifically in Djizakh, Kashkadarya, Bukhara and Surkhandarya farmers have experienced problems with the availability of irrigation water through the very hot summer in June and July. There were also some independent reports of cotton leafworm and red spider (*Tetranychus telarius*) infestation of cotton crop in a few southern regions. Some experts believe this year's leafworm and red spider infestation was worse than last year.

Uzbek farmers will reportedly begin cotton harvest en-mass after September 5, although as usual southern regions of Surkhandarya and Bukhara might start harvesting earlier in the last week of August. The recent weather conditions are generally favorable at this pre-harvest stage, and despite this year's cotton replanting, local experts believe the crop has gotten off to a fairly good start. However, favorable output and yields will depend on weather conditions during the harvest months, September and October in particular. Considering the above-mentioned conditions, and in particular, taking into account irrigation water deficit in the South, and some pest problems during vegetation in several regions, Post has set the preliminary MY14/15 lint production forecast at 4.3 million bales.

Table 1. Cotton Production, Supply and Demand

Cotton Uzbekistan	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Aug 2012		Market Year Begin: Aug 2013		Market Year Begin: Aug 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	1,330	0	1,285	0	1,285
Area Harvested	1,315	1,310	1,285	1,285	1,285	1,285
Beginning Stocks	1,498	1,498	1,348	1,458	1,298	1,608
Production	4,500	4,500	4,150	4,550	4,200	4,300
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	5,998	5,998	5,498	6,008	5,498	5,908
Exports	3,200	3,100	2,700	2,900	2,450	2,900
Use	1,450	1,440	1,500	1,500	1,550	1,500
Loss	0	0	0	0	0	0
Total Dom. Cons.	1,450	1,440	1,500	1,500	1,550	1,500
Ending Stocks	1,348	1,458	1,298	1,608	1,498	1,508
Total Distribution	5,998	5,998	5,498	6,008	5,498	5,908

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

Domestic Procurement prices

In MY2013/14 the average state procurement price for seed cotton was 937,400 Uzbek Sums per ton. (The current official exchange rate: Uzbek Sums 2344 = USD 1.00). Usually, the new procurement prices for seed cotton are officially set by the Ministry of Finance at the end of August before the start of cotton harvest. In MY2014/15 the average seed cotton procurement price is reportedly planned to increase by 15-20 percent.

CONSUMPTION

Over the past 6 years, the government has often stated that it would like to process more of Uzbekistan's cotton production domestically, but it has had only limited success. About 25 percent of all cotton is consumed domestically despite of government's plans to increase it to 50 percent. In the past 7-8 years the GOU modernized and reconstructed more than 60 percent of old cotton gins with the aim of addressing certain problems facing the ginning industry.

Within the past 7-8 years, the spinning and weaving industries had responded to strong domestic and export demand, especially for cotton yarn by investing heavily in new equipment and the renovation of existing equipment. Each year new textiles mills with foreign investors' participation are being opened. Nowadays the Uzbek textile industry actively pursue quality improvements and production diversification to include more value-added products, rather than to rely mainly on low-value yarn based exports, if it wants to remain competitive.

Currently, there are more than 50 joint ventures established in the textile industry with partners from Turkey, Germany, South Korea, Japan and Switzerland. As of 2014, foreign investments in the textile industry exceeded US \$1.2 billion. In spite of existing difficulties in the industry, the local spinners are optimistic about textile production and export growth. Uzbekistan's MY2014/15 domestic lint consumption is forecast at 1.5 million bales.

STOCKS

There are no official sources of information on stock volumes, so the numbers indicated in the report are rough estimates.

TRADE

Exports of cotton are projected to decline gradually in accordance with GOU plans to increase the share of domestic consumption to 50 percent within the next few years. However, based on various factors, Post still believes the reduction will not take place this quickly. Post estimates MY2013/14 lint exports at 2.9 million bales. MY2014/15 exports are preliminarily forecast at the same level as in the last MY. Uzbekistan still remains a primary supplier of cotton to Asian markets, namely Bangladesh, China and South Korea are increasingly important markets for Uzbek cotton. The official statistics on lint exports by destinations is not available.

