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# GAIN Report

Global Agricultural Information Network

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## Uzbekistan - Republic of

### LOCK-UP REPORT

### Cotton Production Update

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**Report Highlights:**

Following a late harvest, Uzbekistan's 2009/10 cotton crop is now estimated at 4.7 million bales, a slight increase from earlier forecasts. The export forecast has been lowered to 3.2 million bales.

**Post:** Tashkent  
**Commodities:**

## PRODUCTION

Uzbekistan's MY 09/10 cotton harvest has almost come to an end, although in some regions farmers are still reportedly continuing to pick remaining cotton. On November 11, the state media declared that farmers have reached the official production target of 3.4 MMT in seed cotton. However, the final official production numbers are not yet available, and some observers and independent experts believe that official production figures, as is customary, are overestimated. This season's wet spring and cooler conditions especially prior to planting and in the final stage of crop maturity resulted in about two weeks delay to start the harvest. As already reported, the area devoted to cotton this season was reduced officially to 1.323 million ha, so as to devote more land to cereal crops.

With decreased planting this year, Post preliminarily forecasts MY 09/10 lint production at 4.7 million bales.

**Table 1: Cotton Production, Supply and Demand**

Cotton Uzbekistan	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Yr Begin: Aug 07			Market Yr Begin: Aug 2008			Market Yr Begin: Aug 09			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		New Post	
			Data			Data			Data	
Area Planted	0	1,430	1,430	0	1,420	1,400	0	0	1,323	(HECTARES)
Area Harvested	1,430	1,430	1,430	1,420	1,390	1,400	1,300	0	1,310	(HECTARES)
Beginning Stocks	1,198	1,198	1,198	1,348	1,248	1,248	2,348	0	1,798	1000 480lb bls
Production	5,350	5,350	5,350	4,600	4,900	4,800	4,400	0	4,700	1000 480lb bls
Imports	0	0	0	0	0	0	0	0	0	1000 480lb bls
MY Imports U.S.	0	0	0	0	0	0	0	0	0	1000 480lb bls
Total Supply	6,548	6,548	6,548	5,948	6,148	6,048	6,748	0	6,498	1000 480lb bls
Exports	4,200	4,200	4,200	2,600	3,300	3,200	4,000	0	3,200	1000 480lb bls
Use	1,000	1,100	1,100	1,000	1,050	1,050	900	0	1,100	1000 480lb bls
Loss	0	0	0	0	0	0	0	0	0	1000 480lb bls
Total Dom. Cons.	1,000	1,100	1,100	1,000	1,050	1,050	900	0	1,100	1000 480lb bls
Ending Stocks	1,348	1,248	1,248	2,348	1,798	1,798	1,648	0	2,198	1000 480lb bls
Total Distribution	6,548	6,548	6,548	5,948	6,148	6,048	6,748	0	6,498	1000 480lb bls
Stock to Use %	26	24	24	65	41	42	32	0	51	(PERCENT)
Yield	815.	815.	815.	705.	768.	746.	737.	0.	778.	(KG/HA)
TS=TD			0			0			0	

Comments										
AGR Number	uz9006									

**Table 2: FY2009/10 Seed Cotton Plant area and production target**

REGION	Area (Ha)	Target (MT)
Karakalpakstan Rep.	94,700	180,430
Andijan region	99,600	282,700
Bukhara region	117,600	340,265
Djizakh region	101,800	244,280
Kashkadarya region	160,400	417,420
Navoi region	35,800	100,400
Namangan region	86,600	240,000
Samarkand region	99,200	237,300
Surkhandarya region	119,600	335,000
Syrdarya region	110,700	237,500
Tashkent region	100,200	255,620
Fergana region	103,600	290,000
Khorezm region	93,800	259,085
<b>TOTAL</b>	<b>1,323,600</b>	<b>3,400,000</b>

### **Production Policy**

The Government's overall cotton policy still aimed at maintaining stable production, improving quality and fiber characteristics which was once again confirmed in speeches of Government officials during recently held 5<sup>th</sup> International Uzbek Cotton Fair.

Cotton has been the cash crop in Uzbekistan for generations and a significant source of employment and foreign exchange. However, for the past several years, Uzbekistan has been experiencing serious problems in cotton production for a number of reasons, including weather, inadequate production incentives (i.e. prices), inadequate and low-quality inputs and deteriorating infrastructure, especially irrigation.

Year by year, Uzbekistan is increasing the area sown with faster-maturing varieties. During the last five years, the government initiated a major program to reform the cotton sector, aimed mainly at improving fiber quality. (see table No3).

**Table 3. The main cotton varieties planted in 2009 and their quality Characteristics**

Variety	Sowing area in 2009 (thous)	Veget. Period	Fiber Type	Fiber Output %	Fiber Length	Fiber Strenght	One boll Weight gram	Yield t/ha	Micron.
C-6524	245,0	120-127	4	35,7-36,7	34-35	4,5	5,6	4.6	4,5
Bukhara-6	188,4	122-129	4	35,2	33,4	4,5-4,6	5,9-6,2	4.5	4,4
Namangan77	99,5	123	5	38,5	33,7	4,7	5,2	4.4	4,5
An-Bayaut 2	142,8	125-127	5	33-34	32,2	4,6-4,8	5,5-7,5	4.6-5.0	4,4-4,5
C-4727	47,0	120	5	35,9	33,1	4,4-4,6	6,5	4.0	4,6
Omad	42,0	115-118	5	35,2	33,2	4,6	6,5-6,8	4.-4.2	4,6
Horazm-127	39,5	124-126	5	35,1-36,0	33,1	4,6-4,7	6,0-6,5	4.2-4.5	4,5
Akdarya-6	18,0	116-122	5	35,3	32,5	4,4-4,5	6,0-7,0	3.5-4.0	4,5
Bukhara-102	185,0	117-125	4	36,7	33,5	4,4-4,6	7,0-8,0	4.5-5.0	4,3
Andijon-35	71,4	120-125	5	36,8-37,2	34-35	4,9-5,0	6,0-6,2	4.0-4.5	4,7
Mehnat	27,0	125-126	5	38,0	35-36	4,6-4,8	6,0-6,5	3.8-4.5	4,4
Bukhara-8	94,0	125-130	4	36,0-38,0	35-36	4,4-4,6	8,0-9,0	4.5-5.0	4,4
Andijon-36	20,6	127-130	5	39,6	34,1	4,6-4,8	5,6	4.0-4.5	4,5

### Domestic prices

As usual at the end of August Uzbek Ministry of Finance set up official procurement prices for seed cotton and lint. See below tables No 4 and 5.

Current official exchange rate: Sums 1506 = USD1.00

**Table 4. Procurement prices for seed cotton in MY09/10 in Uzb Sums per ton**

Industrial Grades and Class Of seed cotton		Types/codes of cotton lint								
		Long Staple grades					Medium Staple grades			
		1a	1b	1	2	3	4	5		6
		43	42	41	40	39-38	37-36	35	34	33
I	1 class	896160	819190	780700	687240	621260	557320	549790	542640	536050
	2 class	873220	798220	760720	669650	605360	543060	535720	528750	522330
	3 class	698740	638730	608720	535840	448400	434550	428680	423100	417960
	1 class	819160	748800	713620	628190	567880	509440	502550	496020	489990

II	2 class	751170	686650	654390	576050	520750	467150	460840	454850	449320
	3 class	690550	631240	601580	529560	478720	429450	423650	418140	413060
III	1 class	717580	655950	625130	550290	497460	446270	440230	434510	429230
	2 class	638120	583320	555910	489360	442380	396850	391490	386400	381700
	3 class	451360	412590	393210	346130	312900	280700	276910	273310	269990
IV	1 class	534090	488220	465280	409580	370260	332150	327660	323400	319470
	2 class	414490	378890	361090	317860	287350	257770	254290	250990	247930
	3 class	317010	289790	276170	243110	219770	197150	194490	191960	189630
V	3 class	221990	202930	193390	170240	153900	138060	136190	134420	132790

**Table 5. Procurement prices for cotton lint in MY 09/10 in Uzb Sums per ton**

Industrial Grades and Class of cotton lint		Types/codes of cotton lint								
		Long Staple grades					Medium Staple grades			
		1a	1b	1	2	3	4	5		6
		43	42	41	40	39-38	37-36	35	34	33
I	Oily	3101240	2834870	2701690	2378250	2149940	1928670	1902600	1877870	1855040
	Yahshi	3071700	2807880	2675960	2355600	2129460	1910300	1884480	1859980	1837370
	Urta	2953560	2699880	2573040	2265000	2047560	1836820	1812000	1788440	1766700
	Oddiy	2850190	2605380	2482080	2185730	1975900	1772540	1748580	1725850	1704870
	Iflos	2732040	2497390	2380060	2095130	1893990	1699060	1676100	1654310	1634200
II	Oliy	3012630	2753880	2624500	2310300	2088510	1873560	1848240	1824210	1802030
	Yahshi	2924020	2672880	2547310	2242350	2027080	1818460	1793880	1770560	1749030
	Urta	2920650	2578390	2457250	2163080	1955420	1754170	1730460	1707960	1687200
	Oddiy	2717280	2483890	2367200	2083800	1883760	1689880	1667040	1645370	1625360
	Iflos	2599130	2375890	2264280	1993200	1801850	1616410	1594560	1573830	1554700
III	Yahshi	2850190	2605380	2482980	2185730	1975900	1772540	1748580	1725850	1704870
	Urta	2746810	2510890	2392930	2106450	1904230	1708250	1685160	1663250	1643030
	Oddiy	2613900	2389390	2277140	2004530	1812090	1625590	1603620	1582770	1563530
	Iflos	2480990	2267900	2161350	1902600	1719950	1542930	1522080	1502290	1484030
IV	Yahshi	2510530	2294900	2187080	1925250	1740430	1561300	1540200	1520180	1501700
	Urta	2362850	2159900	2058430	1812000	1638050	1469460	1449600	1430760	1413360
	Oddiy	2215170	2024910	1929780	1698750	1535670	1377620	1359000	1341330	1325030
	Iflos	2067490	1889920	1801130	1585500	1433290	1285780	1268400	1251910	1236690
V	Urta	1624460	1484930	1415170	1245750	1126160	1010250	996600	983640	971690
	Oddiy	1476780	1349940	1286520	1132500	1023780	918410	906000	894220	883350
	Iflos	1329100	1214950	1157870	1019250	921400	826570	815400	804800	795020

## Consumption

At the recent 5<sup>th</sup> International Uzbek Cotton Fair, government officials announced that domestic cotton consumption in 2009 will reach 300,000 tons. However, Post forecasts MY09/10 domestic consumption at 1.1 million bales (240,000 tons). Effective ginning capacity is estimated to be well below the 6.0 MMT of installed capacity due to equipment problems. Taking into account these and other production problems the government recently announced a modernization and reconstruction program for some cotton gins during 2007-2011. According to this program, by 2011 the reconstruction of an additional 27 ginning mills is expected to be completed.

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. Domestic demand is getting stronger with a marginal increase over the last year, so also is export demand, especially in cotton yarn. Reportedly, yarn production is around 220,000 tons and more than half goes for export. 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.

## **TRADE**

Exports of cotton are projected to continue declining slowly. Post forecasts MY09/10 lint exports at 3.2 million bales. After the recent International Uzbek Cotton Fair, the officials of the Ministry of Foreign Economic Relations, Investments and Trade (MFERIT) announced that during the Fair contracts for exporting about 1.0 million tons of lint were signed, of that reportedly 0.4 MMT are from the new crop. Most of these "contracts," however, as usual are memoranda of intent, but not finalized sales. The Fair once again showed that Uzbekistan currently remains as primary supplier of cotton to Asia, with Bangladesh, China and South Korea, the major markets for Uzbek cotton.

At the same time, currently a well-established local system of logistics, consisting of 23 specialized cotton terminals with a storage capacity of 400,000 tons, as well as a good transportation infrastructure and shipment corridors facilitate timely deliveries of Uzbek cotton to buyers.