

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Pakistan**

**Post:** Islamabad

### **Pakistan Likely to be a Big Cotton Importer**

**Report Categories:**

Cotton and Products

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**Report Highlights:**

Due to considerable losses caused by floods, Post's estimate of Pakistan's 2010/11 cotton production is revised down by 17% to 8.75 million bales (480 lbs). The decreased production is likely to increase cotton imports by an estimated 67 percent to 3.5 million bales. Due to strong domestic demand for raw and better grades of cotton, Pakistan's textile industry is expected to increasingly rely on U.S. Pima / ELS cotton and contamination-free upland cotton.

## **General Information:**

### **Flood Damages to Pakistan Cotton Crop**

The ongoing floods in Pakistan have seriously affected the major cotton growing areas in the Punjab and Sindh provinces. Preliminary information provided by government and industry contacts estimate that more than 1.1 million acres of the standing cotton crop have been damaged, resulting in a loss of 1.8 million bales. Cotton is grown over 3 million hectares primarily in the southern Punjab and upper Sindh regions along the Indus river. The cotton area occupies 13% of the nation's cultivated area.

### **Cotton Estimates Revised**

Due to the massive flood losses, Post's estimate of Pakistan's 2010/11 cotton production is revised down by 17% to 8.75 million bales (480 lbs). The decline in production is likely to increase the 2010/11 cotton imports by an estimated 67 percent to 3.5 million bales. The significant decrease in domestic cotton production is expected to be bridged through imports from the international market. Cotton export estimates have also been revised down by 20 percent. The fluid situation is also expected to slightly impact consumption as well as the ending stocks.

### **Cotton/ Textile Main Driver of Pakistan's Economy**

Cotton is an important cash crop and the lifeline of Pakistan's textile industry. Pakistan is the world's fourth largest producer and third largest consumer of cotton. The textile and clothing industries have been the leading sources of employment and foreign exchange for the past fifty years. Textile exports were 51.8 percent of Pakistan's total exports in 2009. Pakistan has no quantitative restrictions or duties on either cotton imports or exports.

### **No Significant Infrastructure Losses to the Textile Industry**

Industry contacts reported that no major infrastructure losses were suffered by Pakistan's textile mills. Pakistan's textile industry is largely located around the major cities of Faisalabad, Multan, and Karachi. There are 396 textile mills in the country out of which 315 are spinning, 44 weaving, and 37 composite units. The textile industry currently employs 3.5 million Pakistani workers.

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