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## **Pakistan**

### **Cotton and Products**

#### **Cotton Update**

#### **2000**

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#### **Report Highlights:**

**Pakistan's MY 2000/01 cotton harvest will be its second bumper cotton crop in a row but the exact output remains uncertain due to several unusual factors, including late planting, irrigation shortages, pest damage, and efforts to maximize returns by extending the harvest. Despite a 17-percent increase in cotton arrivals (at the gins) through December 1 over the corresponding period last year, the current forecast remains unchanged at 1.8 million metric tons (MMT) or about 5 percent below last year's record crop.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Islamabad [PK1], PK

## PRODUCTION

Pakistan will produce a bumper cotton crop in MY2000/01 but the eventual size of the harvest remains unclear due to the uncertain impact of a number of factors on yield, including, delayed planting, irrigation shortages, and pest damage. Farmers reportedly controlled initial pest attacks in early September but opted to forego additional spraying (due to low seed cotton prices) when pests (mainly bollworms) re-emerged in late September. This second episode reportedly caused significant damage. However, hot weather through mid-November aided fruiting and boll development despite the pest infestation.

Additionally, since October, seed cotton prices have strengthened from about Rs. 640 per 40 kilograms to more than Rs. 1,000 per 40 kilograms (\$1 = Rs. 61.30), which has provided a strong incentive for farmers to extend the harvest. In some areas, farmers reportedly are applying nitrogen fertilizer to maintain plant growth through January. The extent of this practice this year is not known but is likely to be significantly more than the usual 10 percent of cotton area on which harvest is extended until late December or into January.

Despite large arrivals (which are up 17-percent through December 1 compared to same period last year), the Cotton Crop Assessment Committee left its forecast unchanged at 10.2 million (375-pound) Pakistani bales. Given the unusual conditions affecting this year's yields most observers feel 1.8 MMT is a reasonable forecast and are hesitant to change, pending additional information.

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

PSD Table						
Country	Pakistan					
Commodity	Cotton					(HECTARES)(MT)
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		08/1998		08/1999		08/2000
Area Planted	0	0	0	0	0	0
Area Harvested	2923000	2923000	2915000	2915000	2985000	2985000
Beginning Stocks	331162	331162	372530	372530	573927	573927
Production	1371677	1371677	1872448	1872448	1807130	1807130
Imports	201397	201397	97977	97977	32659	32659
<b>TOTAL SUPPLY</b>	1904236	1904236	2342955	2342955	2413716	2413716
Exports	2177	2177	97977	97977	130636	130636
USE Dom. Consumption	1524086	1524086	1665608	1665608	1741812	1741812
Loss Dom. Consumption	5443	5443	5443	5443	5443	5443
<b>TOTAL Dom. Consumption</b>	1529529	1529529	1671051	1671051	1747255	1747255
Ending Stocks	372530	372530	573927	573927	535825	535825
<b>TOTAL DISTRIBUTION</b>	1904236	1904236	2342955	2342955	2413716	2413716

## **CONSUMPTION**

Despite a significant increase in domestic cotton lint prices, observers believe export-driven demand will remain strong and do not foresee a decline in consumption from current levels.

## **TRADE**

Through December 1, private traders reportedly bought about 43,500 MT of new crop cotton. As of November 23, Pakistan's MY 2000/01 exports also totaled approximately 43,500 MT, of which 20,200 was MY 1999/00 cotton (exported mainly by the Trading Corporation of Pakistan) and the remaining 23,300 MT was new crop cotton. However, since mid-November, domestic prices have increased above world price levels, making exports unprofitable.

Given strong domestic prices, imports could become an attractive alternative--depending on the eventual size of the crop. MY 2000/01 imports, totaled 16,3000 MT through November 13 and consist largely of ELS/Pima cotton. U.S. export commitments to Pakistan are running well above last year's levels and currently total about 9,100 MT (8,900 MT Pima and 200 MT Upland).