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Report Highlights:

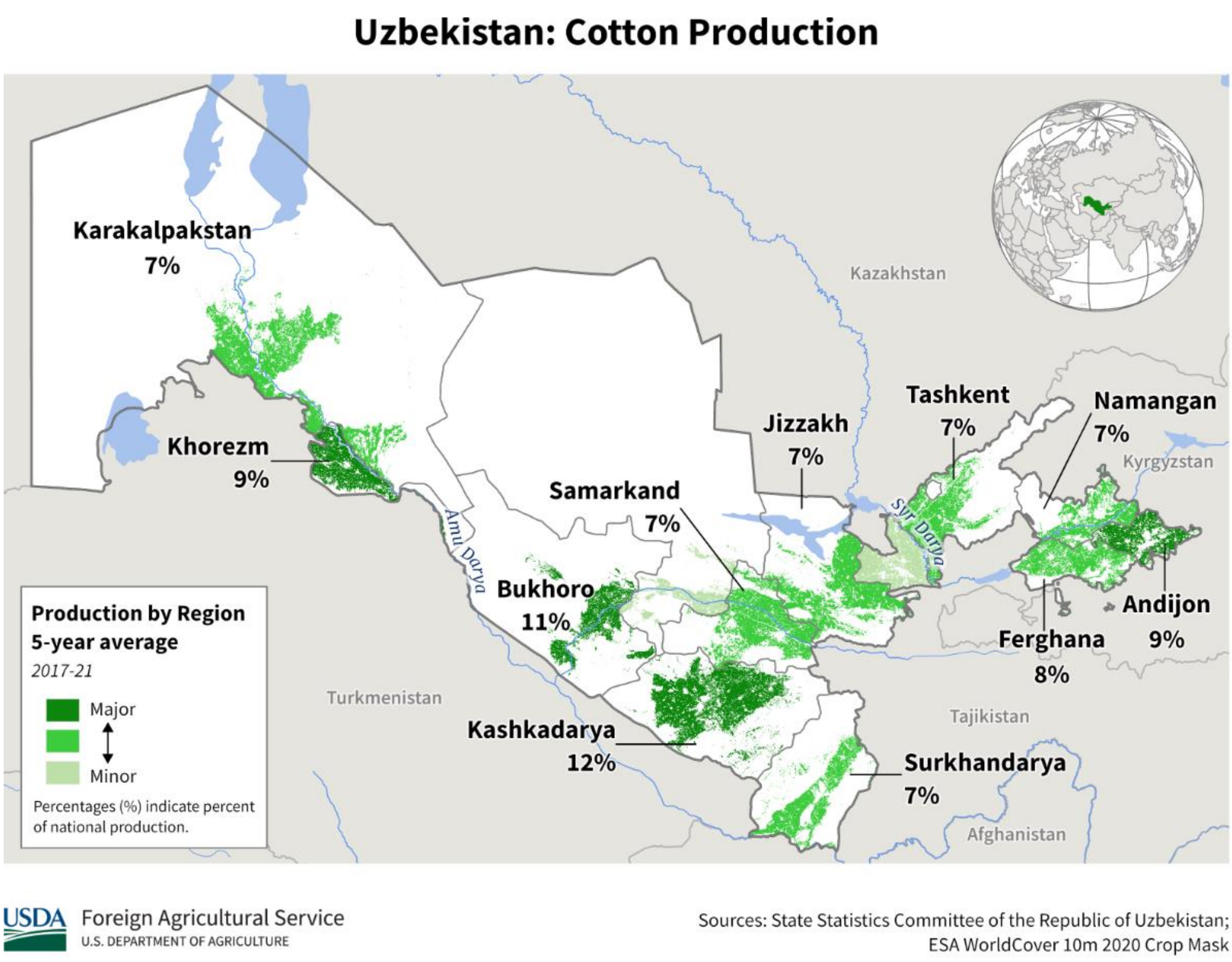
Uzbekistan's cotton sector is at a crossroads. While opportunities for high-value-added products like textiles and ready-to-wear apparel are expanding, the industry faces financial constraints, shrinking farmland, and water shortages. To address these issues, the government has aligned cotton prices with global markets, aiming to enhance competitiveness and stabilize markets. For MY 2025/26 cotton lint production is expected to decline 6 percent from the previous season to 620,000 metric tons. Meanwhile, domestic consumption is projected to rise to 670,000 MT, with imports expected to be filled from neighboring countries.

GENERAL INFORMATION

PRODUCTION

Cotton lint production in Uzbekistan for the 2025/26 marketing year (MY) is projected to decline by 6 percent compared to the previous season. FAS Central Asia forecasts total lint production at 620,000 metric tons (MT), equivalent to 1.718 million MT of seed cotton or 2.847 million bales. The anticipated average yield is estimated at 667 kg per hectare.

The previous season faced significant challenges, including heightened pest pressure and non-compliance with newly established exchange contracts, which resulted in unharvested cotton left in the fields. These issues are expected to have lingering effects on the upcoming season, potentially impacting overall production and market stability.



Uzbekistan remains one of the world's leading producers of cotton, often referred to as "white gold" (oq oltin) due to its significant economic contribution. As the northernmost major cotton-growing country, Uzbekistan experiences a relatively short growing season of approximately five to seven months, with as few as 150 vegetative days. Given the country's arid climate, characterized by low precipitation and high evaporation rates, irrigation remains critical for cotton cultivation. However, the country faces persistent water scarcity, posing a challenge to sustainable agricultural production.

Cotton has historically been a key source of foreign exchange earnings for Uzbekistan. However, decades of large-scale production have contributed to soil degradation and resource depletion, posing long-term sustainability challenges. Despite this, the cotton sector remains an essential component of the national economy, with approximately two million people participating in the annual harvest. The Government of Uzbekistan (GOU) relies on the sector for roughly 19 percent of Uzbekistan's GDP and about 23.5 percent of Uzbekistan's total employment.

Over the past decades, the total area under cotton cultivation has decreased to below one million hectares, representing a decline of more than 50 percent compared to the Soviet period. This reduction has occurred alongside rapid population growth, with Uzbekistan's population increasing from 24.5 million in 2000 to a projected 37.5 million in 2025 – an annual increase of approximately one million people.

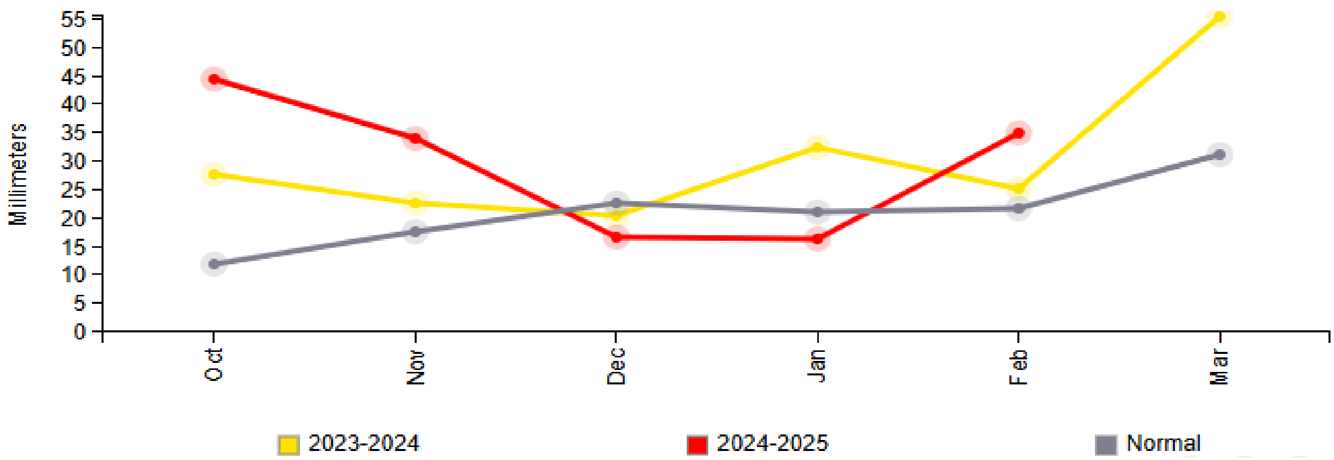
This demographic expansion is driving a growing need to allocate more arable land for food production, ensuring food security while diversifying agricultural exports. Balancing these demands with sustainable land and water management remains a critical policy priority for Uzbekistan's agricultural sector.

Recognizing the need for modernization, Uzbekistan is implementing reforms to enhance the efficiency and sustainability of its cotton sector. Efforts are underway to introduce advanced farming technologies, improve water management practices, and increase value-added production within the textile and apparel industries. By expanding its cotton-based manufacturing and export capabilities, the country aims to retain greater economic value domestically while ensuring long-term sectoral resilience.

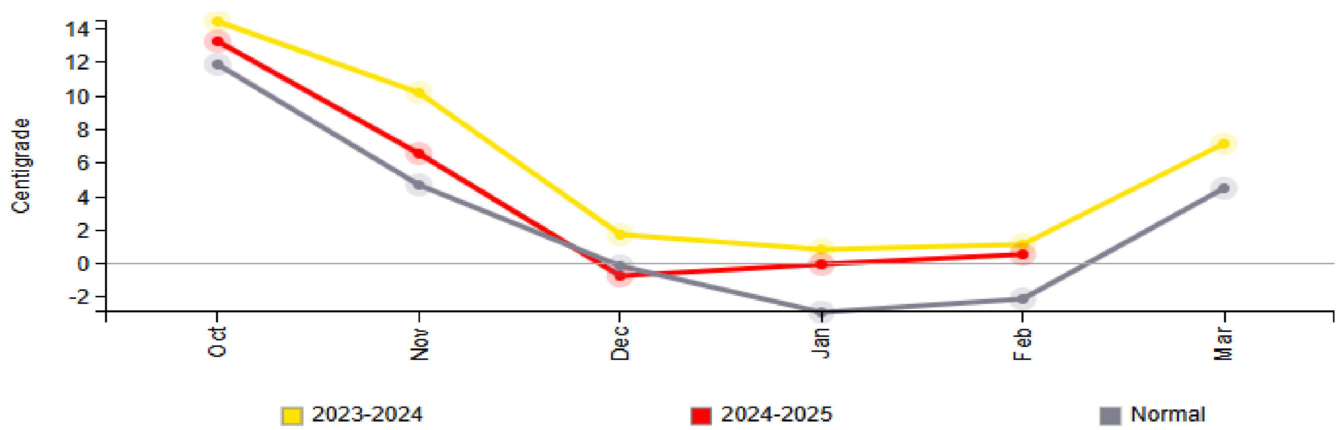
Weather Conditions and Pest Control

Weather patterns remain stable in line with normal, with some variations observed in precipitation and temperature trends. In the 2024 to 2025 season, early autumn saw above-average rainfall, enhancing water availability, while winter precipitation aligned closely with historical norms (Graph 1). However, last year's wet summer created ideal conditions for the growth of the cotton bollworm population, and this year's mild winter could further sustain their survival, increasing risks to cotton production (Graph 2). The combination of mild temperatures and wet conditions underscores the need for strengthened pest management strategies to safeguard agricultural yields in the upcoming season.

Graph 1: Monthly Precipitation Uzbekistan



Graph 2: Monthly Average Temperature Uzbekistan



Source: USDA GADAS

Modernization of Cotton Production in Uzbekistan: Expanding Seed Varieties and Yield Optimization

As Uzbekistan's cotton lint processing sector continues to expand, the country faces growing demand for raw cotton. To enhance productivity and ensure the long-term sustainability of cotton production, Uzbek farmers are increasingly adopting modern practices. Crop rotation remains a key strategy, with wheat-cotton rotations widely implemented across many regions.

A major shift in seed usage is also underway. In the 2024/2025 growing season, Uzbekistan introduced 100,000 hectares of high-yield, disease and pest-resistant (non-GMO) foreign cotton varieties sourced from China, Turkey, India, Israel, Tajikistan, and Kyrgyzstan. By 2025/2026 season, the country aims to expand this to 200,000 hectares. Additionally, the GOU has taken steps to liberalize the seed market by establishing a national seed reserve and allowing private enterprises and cotton clusters to participate in commercial seed sales, breaking the government's previous monopoly on seed supply. To ensure a controlled transition to new seed varieties, the GOU mandates that farmers obtain official approval before planting foreign seeds. Local hokimiyats (regional administrations) currently limit the adoption of new seed varieties to 10 percent of farmland, allowing for a phased evaluation of their performance and impact. President Mirziyoyev also announced Uzbekistan's plans to create a seed production and nursery system in partnership with the Chinese Academy of Agriculture to further strengthen agricultural ties. Early reports indicate that Chinese cotton varieties nearly double yields compared to traditional local varieties. However, this increase is largely attributed to changes in agronomic practices, such as reducing row spacing by 50 percent and nearly doubling seeding rates. While these adjustments boost output, they also increase irrigation water consumption and require greater use of pesticides.

Despite higher yields, concerns remain regarding fiber quality. Shorter lint length limits the use of Chinese cotton varieties to lower-grade yarn production, prompting some cotton clusters to reject these seeds. Furthermore, Chinese cotton seeds have a lower oil content - around 9 percent compared to 18 percent in local varieties - posing challenges for Uzbekistan's cotton oil industry, which plays a significant role in the agricultural economy.

Table 1: Uzbekistan Import of Cotton Seed for Cultivation (USD)

China						$15,687,834	$15,687,834
Tajikistan						$3,525,038	$3,525,038
Turkey						$2,016,066	$2,016,066
Kyrgyzstan					$9,000	$432,000	$441,000
India		$30,000				$12,000	$42,000
Spain						$22,430	$22,430
Kazakhstan	$3,300						$3,300
Greece				$146	$264		$410
TOTAL	$3,300	$30,000		$146	$9,264	$21,695,368	$21,738,078

Source: UN Comtrade

Expanding Biological Pest Control in Uzbekistan: Challenges and Emerging Alternatives

The Uzbekistan Agency for Quarantine and Plant Protection (UPPQ) has expanded its national biological control program, promoting the breeding of predatory insects as an environmentally sustainable and cost-effective approach to reducing pest populations in cotton, wheat, and other crops. Currently, approximately 650 laboratories across Uzbekistan are engaged in the development of biological control agents, including the breeding of beneficial predatory insects. To enhance the effectiveness of this initiative, UPPQ aims to collaborate with regional (oblast) governments and farmers to implement controlled releases of biological control agents ahead of anticipated pest outbreaks. However, industry sources indicate that biological pest control remains labor-intensive, requiring field workers to manually release beneficial insects at intervals of approximately every 20 meters. The reliance on manual labor presents challenges in terms of efficiency and consistency, leading to concerns over the method's reliability. In response, some farmers are exploring the use of drones to automate insect release, potentially reducing labor dependency and improving distribution precision. At the same time, market trends indicate a growing preference for chemical pesticides, particularly following recent adjustments in pricing policies.

Source: FAS Astana

The increasing presence of pesticide suppliers from Russia, China, and Kazakhstan has expanded farmers' access to chemical pest control solutions, which are often perceived as more reliable and scalable.

Additionally, pest pressures are more severe in Uzbekistan's southern regions, where cross-border insect migration remains a significant challenge. Neighboring countries often lack coordinated pest control efforts, exacerbating infestations and increasing the reliance on chemical pesticides. Addressing these challenges will require a balanced approach, integrating biological control with modern pest management techniques to ensure sustainable agricultural production.

Uzbekistan's Cotton Sector: Market Reforms and Emerging Challenges

In early 2025, President Shavkat Mirziyoyev signed a decree aimed at enhancing Uzbekistan's cotton industry by aligning domestic cotton prices with Intercontinental Exchange (ICE) averages. The reform introduces market-based pricing mechanisms, with contracts to be executed through regional exchange auctions, offering producers a free choice of contract types, including futures, forwards, and spot transactions. Additionally, farmers financing cotton production independently or through loans are eligible for subsidies and preferential loan terms to improve financial viability.

Further structural reforms were implemented in February 2025 with the adoption of a new Law on Agricultural Cooperatives, replacing the 1998 legislation. This law establishes agricultural cooperatives as independent commercial entities designed to enhance governance, efficiency, and economic sustainability. By enabling resource pooling, cooperatives aim to improve production efficiency, lower costs, and expand market participation, offering farmers greater decision-making autonomy in response to concerns over the cluster system. Many farmers prefer direct market access, allowing them to sell cotton at peak prices.

However, market reports indicate growing concerns over pricing mechanisms. Farmers have expressed dissatisfaction with futures contracts being signed at the starting exchange price of 7,720 Uzbek Som per kilogram of raw cotton ($0.60 per kg or $600 per metric ton) or $1,715 per metric ton, which is more expensive than the global ICE benchmark of $1,455 per metric ton as of March 12, 2025. Reports suggest that farmers are pressured into selling at these lower prices, despite previous contract agreed to at higher prices. This has contributed to financial strain, with at least ten cotton clusters reportedly facing bankruptcy, raising concerns about the profitability of the upcoming planting season. Ensuring a transparent and competitive pricing system will be critical to maintaining stability in Uzbekistan's cotton sector.

Production Post Observations

Soil Salinity Challenges the Bukhara Region and Impact Agriculture and Water Management

The Bukhara region of Uzbekistan faces significant production challenges due to the increasing salinity of groundwater, with mineralization levels ranging from 3 to 10 grams per liter (g/L). In recent years, approximately 50 percent of the region has been affected by saline groundwater intrusion, exacerbating soil degradation. Additionally, 23 percent of the region's land area is classified as moderately to heavily saline, particularly in the downstream reaches of the Amu Darya River basin.

Soil salinization poses a major threat to agricultural productivity by increasing crop water requirements and inhibiting plant growth. High salt concentrations elevate osmotic pressure, making it more difficult for plants to absorb water and essential nutrients. To mitigate these effects, farmers in saline-affected areas such as Bukhara rely heavily on leaching – a practice that involves flushing salts from the soil with large volumes of water. This method, however, accounts for nearly one-third of total water consumption in the region, further straining Uzbekistan's already limited water resources.

Source: FAS Astana

Addressing the challenges of salinization requires integrated water and soil management strategies, including improved irrigation techniques, soil drainage systems, and the introduction of salt-tolerant crop varieties. As Uzbekistan continues to modernize its agricultural sector, sustainable solutions for salinity management will be critical to ensuring long-term productivity and water security.

Energy Cost Pressures and the Future of Cotton Processing in Uzbekistan

Uzbekistan's cotton processing industry is highly energy intensive, and the sharp increase in electricity and energy tariffs, doubling in 2023 with further hikes expected this year, has significantly impacted production costs. Factories operating with outdated, non-energy-efficient technologies have been particularly affected, leading to a decline in output.

The strain is further compounded by the limited capacity of older thermal power plants (ТЭЦ), which struggle to meet rising energy demands. As a result, many industry stakeholders are looking toward the development of Uzbekistan's first nuclear power plant as a potential long-term solution for energy security.

In the near term, alternative energy sources such as solar power present a more cost-effective and sustainable option. Solar energy investments not only reduce reliance on conventional power sources but also offer financial incentives, as they are exempt from property tax. Expanding the use of renewable energy in the cotton processing sector could enhance competitiveness while aligning with Uzbekistan's broader energy transition goals.

Rising Labor Costs and the Shift Toward Mechanized Cotton Harvesting in Uzbekistan

Labor costs in Uzbekistan's agricultural sector are rising rapidly, driven by broader economic growth and the increasing availability of stable employment opportunities outside of agriculture. As a result, fewer field workers are willing to engage in manual cotton picking, leading to unharvested cotton in some fields during the 2024/2025 marketing year. In certain cases, low cotton prices further discouraged manual harvesting, exacerbating the issue.

To address these challenges, market sources indicate a growing shift toward mechanized harvesting, supported by leasing programs that make cotton harvesters more accessible to clusters and farmers. The share of manually harvested cotton, which previously stood at 80 percent, has already declined to 70 percent and continues to decrease each year. Additionally, the introduction of new cotton varieties better suited for mechanical harvesting is accelerating this transition.

Expanding mechanization in Uzbekistan's cotton sector will be crucial for improving efficiency, reducing reliance on seasonal labor, and ensuring timely harvesting, particularly as labor costs continue to rise. Investments in harvesting technology and supportive financing mechanisms will play a key role in modernizing the industry.

Uzbekistan's Cotton and Textile Sector: Growth, Investment, and Sustainability Challenges

Uzbekistan's cluster system has driven significant growth in fabric and ready-made garment exports, with exports rising from approximately $6 million in 2017 to a projected $4 billion in 2025. To further strengthen the sector, President Shavkat Mirziyoyev recently issued a decree targeting an increase in textile exports to $7 billion by 2028, with $500 million directed toward expanding exports to the European Union and the United States. Additionally, the government aims to attract $5 billion in foreign investment and loans to support industry growth.

Challenges persist due to raw cotton shortages, as textile companies increasingly rely on imports while local farmers reduce production amid declining procurement prices. Expanding market access remains a priority, with EU Organic certification playing a crucial role in diversifying exports beyond the Russian Federation. Efforts are also underway to secure organic certification in the United States and Japan. Better Cotton (BC) is certifying 50,000 hectares in 2024, with plans for further expansion.

Despite these efforts, clusters face challenges in accessing European markets, where stringent traceability and sustainability certifications are required, whereas Russian buyers impose fewer regulatory requirements. BC, which provides sustainability licenses, currently certifies only three clusters per year, limiting access to key European markets. Additionally, BC's certification framework currently applies only to clusters, excluding most smallholder farmers who lack financial resources, traceability systems, and organizational capacity to engage in sustainable cotton production. Internationally recognized brands require large volumes of certified cotton, which Uzbekistan is currently unable to supply, further constraining market opportunities. Addressing these structural challenges will be critical to ensuring sustainable growth and expanded global market access for Uzbekistan's cotton and textile industry.

CONSUMPTION

Cotton consumption in Uzbekistan for the 2025/26 marketing year (MY) is forecast to increase to 670,000 MT of cotton lint (approximately 2 million MT of seed cotton or 3 million bales), driven by the continued expansion of existing capacity and government support.

Cotton clusters continue to attract investments, with ongoing expansion in textile manufacturing, including yarn and garment production. While the global cotton industry is still adjusting to lower post-pandemic demand, Uzbekistan has not been immune to the market challenges. However, the country's strong vertical integration and government backing for the industry have contributed to its resilience and recovery.

Due to Uzbekistan's push into ready garments and other textiles, overall consumption is expected to increase slightly despite challenges with profitability.

Source: FAS Astana

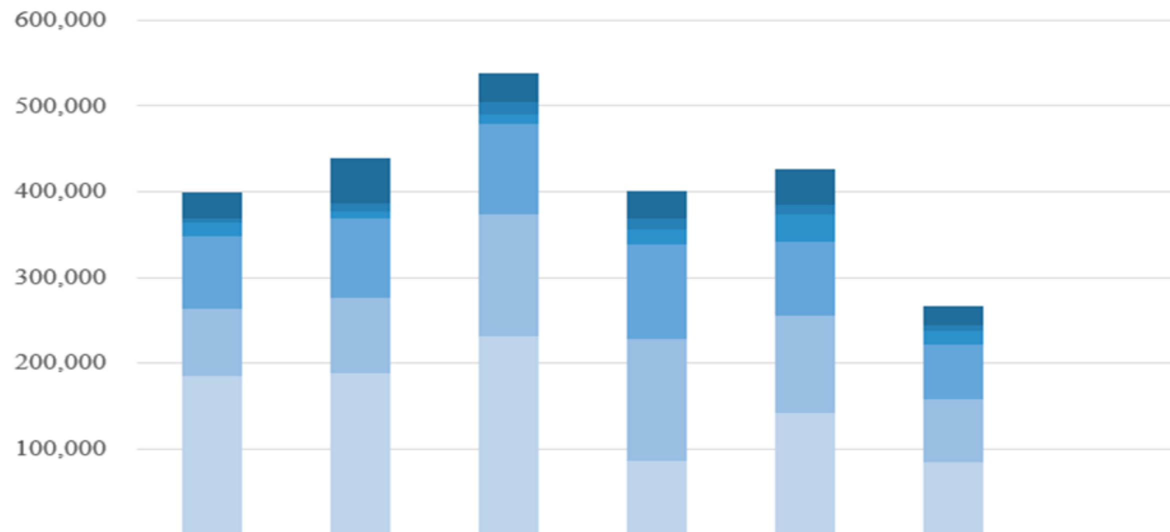
TRADE

Cotton lint imports for Uzbekistan in MY 2025/26 are forecast at 50,000 MT or 230,000 bales, double the previous year's volume but still in line with historical trends. Conversations with industry stakeholders and government officials suggest that imports from neighboring countries, such as Azerbaijan, Kazakhstan, Tajikistan, and Turkmenistan are on the rise (see Appendix Table 1). Although qualitative data on this trade is limited, available information indicates an upward trend in imports.

The Uzbek cotton industry is also working to expand its global connections and plans to import various types of cotton, including Pima, upland, and extra-long staple varieties, from sources like the United States. Due to the lack of mechanization, Uzbekistan primarily produces short-staple cotton, which limits the range of products cotton clusters can produce. Importing cotton from different origins will help compensate for the decline in cotton acreage, provide access to new products and certifications, and address the increasing capacity gap.

Cotton lint exports are expected to remain low as the GOU continues to prioritize domestic processing and discourage exports. Post projects MY 2025/26 exports to be minimal, at approximately 1,000 MT or 5,000 bales. The GOU has also indicated that it plans to ban the exports of yarn in the future to further support the development of fabric and ready-garment exports.

Graph 3: Yarn Exports from Uzbekistan (HS Codes: 5204, 5205, 5207)



	2019	2020	2021	2022	2023	2024	Percent Market Share
Other	29,983	53,295	33,318	31,612	40,603	23,106	9%
Poland	5,517	9,643	13,616	13,727	11,384	5,717	2%
Iran	15,187	7,601	10,783	16,977	31,239	16,680	6%
Russian Federation	84,114	92,934	106,022	111,033	86,350	63,348	24%
Türkiye	79,356	87,958	142,250	141,338	113,205	74,116	28%
China	184,584	188,418	231,476	86,347	142,731	83,724	31%

Source: UN Comtrade

Attachments:

No Attachments

APPENDIX

Table 1: Uzbekistan Cotton Imports (HS Code: 5201)
Source: UN Comtrade

	(Metric Tons, 1 metric ton = 4.5923 bales)				*(480 lbs. bales, 1 bale = 0.217 metric tons)*		
	MY 2020/21	**MY 2021/22**	**MY 2022/23**		**MY 2020/21**	**MY 2021/22**	**MY 2022/23**
Afghanistan	565	726	24	*Afghanistan*	2594	3334	110
China	-	-	252	*China*	-	-	1156
France	0	0	-	*France*	0	0	-
Italy	0	0	-	*Italy*	0	0	-
Iran	-	22	-	*Iran*	-	100	-
Kazakhstan	-	945	-	*Kazakhstan*	-	4341	-
Kyrgyzstan	-	242	304	*Kyrgyzstan*	-	1110	1398
Tajikistan	2821	7346	2608	*Tajikistan*	12953	33736	11975
Türkiye	0	0	-	*Türkiye*	2	2	-
United States	1	1	0	*United States*	5	5	0
Total	*3,387*	*9,283*	*3,188*	*Total*	*15,553*	*42,629*	*14,639*

Table 2: Uzbekistan Cotton Yarn Exports, Top 15 (HS Code: 5204, 5205, 5207), Metric Tons
Source: UN Comtrade

Total	439,850	537,465	401,033	425,511	272,064	-38%
Country	2020	2021	2022	2023	2024	% Δ 23/24
China	188,418	231,476	86,347	142,731	83,724	-41%
Türkiye	87,958	142,250	141,338	113,205	74,116	-35%
Russian Federation	92,934	106,022	111,033	86,350	63,348	-27%
Iran	7,601	10,783	16,977	31,239	16,680	-47%
Poland	9,643	13,616	13,727	11,384	5,717	-50%
Kyrgyzstan	781	379	473	9,525	497	-95%
Italy	236	453	769	7,902	354	-96%
Egypt	5,435	7,497	4,723	5,198	4,501	-13%
Other	44,941	24,463	25,549	17,977	23,106	29%
Belarus	3,331	3,608	4,139	3,992	2,155	-46%
Ukraine	6,538	3,971	2,034	3,809	1,081	-72%
Bangladesh	4,286	3,026	2,470	1,918	1,519	-21%
Pakistan	7,097	-	4,106	1,373	9,573	597%
Rep. of Moldova	276	241	320	1,158		-100%
Morocco	715	188	666	707	1,155	63%
Armenia	407	307	677	651	166	-74%
Germany	620	2,173	3,612	545	482	-11%
Lithuania	18	18	303	533	604	13%
Portugal	1,680	1,784	814	482	2,762	473%
Belgium	650	1,317	754	455	407	-11%
Kazakhstan	355	425	523	424	164	-61%
Brazil	577	604	-	406	501	23%
Bulgaria	281	479	470	281	317	13%
Austria	18	42	191	168	78	-54%
Tunisia	-	147	332	164	128	-22%
Czechia	228	216	278	150	146	-3%
United Arab Emirates	30	176	-	104	251	140%
Japan	151	123	131	88	16	-82%
Serbia	1,168	41	95	80	37	-53%
South Africa	60	-	-	75	254	239%
Azerbaijan	76	179	50	62	12	-81%
Greece	1	108	34	59	-	-100%
Turkmenistan	-	-	25	55	-	-100%
Uruguay	-	-	-	41	-	-100%
Romania	62	163	41	40	5	-87%

Table 2 Cont'd.: Uzbekistan Cotton Yarn Exports, Top 15 (HS Code: 5204, 5205, 5207), Metric Tons
Source: UN Comtrade

Total	439,850	537,465	401,033	425,511	272,064	-38%
Country	2020	2021	2022	2023	2024	% Δ 23/24
North Macedonia	295	250	232	38	19	-49%
Latvia	36	35	-	37	18	-50%
Spain	208	780	178	36	58	62%
Venezuela	-	-	-	22	-	-100%
Colombia	2,152	125	312	19	-	-100%
Tajikistan	-	1	0	5	2	-70%

Table 3: Uzbekistan Cotton Fabric Exports (HS Code: 5208, 5209), Metric Tons
Source: UN Comtrade

Total	11,718	14,808	17,479	16,703	10,019	-40.02%
Country	2020	2021	2022	2023	2024	% Δ 23/24
Russian Federation	7,178	7,093	11,437	10,733	8,848	-18%
Poland	-	1,777	1,669	1,366	515	-62%
Kazakhstan	449	305	427	774	166	-79%
China	157	264	116	534	-	-100%
Lithuania	400	364	373	512	54	-89%
Kyrgyzstan	916	616	465	475	40	-92%
Tajikistan	92	206	140	347	23	-94%
Czechia	311	316	256	329	50	-85%
Belgium	148	537	57	315	-	-100%
Rep. of Korea	580	530	403	267	21	-92%
Italy	80	485	248	212	33	-85%
Ukraine	381	328	503	208	76	-64%
Azerbaijan	118	42	113	151	56	-63%
Germany	125	244	238	105	8	-92%
Türkiye	-	403	405	98	-	-100%
Belarus	31	43	113	63	42	-33%
Rep. of Moldova	28	105	55	56	7	-87%
Iran	-	-	74	42	23	-46%
Afghanistan	2	-	-	40	-	-100%
Latvia	214	210	124	21	19	-9%
Hungary	-	0	27	19	10	-49%
Tunisia	57	13	-	14	-	-100%
Spain	-	50	159	13	20	54%
Armenia	21	39	23	11	8	-29%
Georgia	-	3	3	1	1	53%
Turkmenistan	0	10	0	0	-	-100%

Tables 4 & 5: Production, Supply, and Distribution Tables

(Thousands of Hectares, Thousands of 480 lbs. bales, 1 bales = 4.5923 metric tons)

Cotton	**2023/2024**		**2024/2025**		**2025/2026**	
Market Begin Year	**Aug-23**		**Aug-24**		**Aug-25**	
Uzbekistan	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	1,030	950	1,000	940		930
Beginning Stocks	1,965	1,846	2,000	1,864		1,860
Production	2,900	2,852	3,000	2,939		2,847
Imports	50	51	100	92		230
Total Supply	**4,915**	**4,748**	**5,100**	**4,895**		**4,937**
Exports	15	14	10	5		5
Use	2,900	2,870	3,100	3,031		3,077
Total Dom. Cons.	2,900	2,870	3,100	3,031		3,077
Ending Stocks	2,000	1,864	1,990	1,860		1,855
Total Distribution	**4,915**	**4,748**	**5,100**	**4,895**		**4,937**
Stock to use %	68.97	71.72	63.99	61.52		60.45
Yield	613	653	653	681		667

(Thousands of Hectares, Thousands of Metric Tons, 1 metric ton ≈ 0.2177 bales)

Cotton	**2023/2024**		**2024/2025**		**2025/2026**	
Market Begin Year	**Aug-23**		**Aug-24**		**Aug-25**	
Uzbekistan	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	1,030	950	1,000	940		930
Beginning Stocks	428	402	435	406		405
Production	631	621	653	640		620
Imports	11	11	22	20		50
Total Supply	**1,070**	**1,034**	**1,110**	**1,066**		**1,075**
Exports	3	3	2	1		1
Use	631	625	675	660		670
Total Dom. Cons.	631	625	675	660		670
Ending Stocks	435	406	433	405		404
Total Distribution	**1,070**	**1,034**	**1,110**	**1,066**		**1,075**
Stock to use %	68.97	71.72	64.19	61.52		60.45
Yield	613	653	653	681		667

Attachments:

No Attachments