

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Pakistan

Cotton and Products Update

Cotton and Products Update 2015

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Report Highlights:

Pakistan's MY 2015/16 (August-July) cotton production is expected to reach 8.2 million 480 lb bales, down nearly 25 percent from last year's crop. Lower input usage and fewer pickings resulting from farmer pessimism over price prospects appear to be key factors in lower production. Imports are expected to rise to 2.5 million 480 lb bales, the second highest level ever. Lower production and a recent increase in the import tariff on cotton yarn from 5 to 15 percent are expected to help spur additional imports.

Post:

Islamabad

Author Defined:**Cotton Production Expected Lower**

Pakistan's 2015/16 cotton production is estimated at 8.2 million 480 lb bales, the lowest level since 2003. The decrease in production is a result of a combination of factors, but low domestic cotton prices seem to have had the biggest effect on production. Low prices prompted farmers to reduce inputs such as fertilizer and insecticides, and farmers are expected to reduce the number of pickings due to relatively low prices, opting instead to plant wheat, a crop for which there is a government support price, earlier than usual. A recent uptick in domestic prices failed to flush additional cotton off of farms which seems to suggest that large supplies of cotton are not on farm where storage capacity is limited.

As of October 31, total market arrivals were 23 percent behind the year-ago pace. In Punjab, which accounts for 70 percent of Pakistan's production, arrivals were 34 percent behind the year-ago pace. Other factors contributing to lower production include a greater incidence of leaf curl virus. The virus is spread by white flies which appear to have had greater access to plants because of reduced insecticide use. Untimely rains during the first and second pickings seem to have had an effect on quality and yields.

Imports on the Rise

Pakistan recently increased the tariff on imported yarn from 5 percent to 15 percent, effective November 1, 2015, a move designed to support the local textile industry by discouraging yarn imports. The higher tariff on yarn is expected to support additional imports of cotton lint to augment reduced cotton production. Importers in Pakistan appear to be looking to India and West Africa to source additional supplies of cotton. With India expected to export less cotton to China in 2015/16, additional volumes could be diverted to Pakistan given the robust consumption estimate that is currently projected for India. Imports are expected to rise to 2.5 million 480 lb bales, the second highest level ever.

Production, Supply and Demand Data Statistics:

Cotton Market Begin Year	2013/2014		2014/2015		2015/2016	
	Aug 2013		Aug 2014		Aug 2015	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	2900	2900	2950	2950	2850	2850
Beginning Stocks	2710	2710	2475	2475	2850	2850
Production	9500	9500	10600	10600	9500	8200
Imports	1200	1200	850	850	1150	2500
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	13410	13410	13925	13925	13500	13550
Exports	510	510	450	450	450	400
Use	10400	10400	10600	10600	10400	10525
Loss	25	25	25	25	25	25
Total Dom. Cons.	10425	10425	10625	10625	10425	10550
Ending Stocks	2475	2475	2850	2850	2625	2600
Total Distribution	13410	13410	13925	13925	13500	13550

(1000 HA) ,1000 480 lb. Bales

