

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Pakistan

Cotton and Products Update

Cotton and Products Update Pakistan

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Report Highlights:

Based on market arrivals, Pakistan's 2017/18 cotton production is estimated at 9.2 million 480 lb, largely unchanged. Yields have proven to be slightly better than expected as higher prices and input subsidies have encouraged better agronomic practices.

Post:

Islamabad

Author Defined:**Cotton Production Expected Slightly Higher:**

MY 2017/18 (Aug/Jul) cotton production is now expected to be 9.2 million 480 lb bales, up slightly from the previous estimate. The Cotton Crop Assessment Committee (CCAC) in its meeting on November 2, 2017, assessed cotton production at 12.6 million 170 kg bales (9.8 million 480 lb bales), but there is strong industry consensus that the final production estimate will be lower, given the pace of arrivals, and the CCAC meeting is expected to revise its final estimate at its next meeting in early 2018.

Farmers appear to have taken advantage of a \$625 million support package that provided fertilizer subsidies, reduced electricity rates for tube well pumps, reduced interest rates, and lessened the sales tax. Higher cotton prices also helped to encourage better crop management. Seed cotton prices have strengthened during the season. Prices for seed cotton are now 40 cents per pound, compared to 37 cents per pound a year ago. Higher prices are expected to prompt farmers to extend pickings late into the season.

Cotton Arrivals Close to Seven Million Bales:

Cotton arrivals as of November 15, 2017 reached 6.7 million 480 lbs. bales as reported by the Pakistan Cotton Ginner Association (PCGA), 7 percent ahead of the year ago pace. Arrivals appear to be on pace to reach 9.2 million 480 lbs. bales.

Trade Levels Meeting Expectations:

MY 2016/17 imports are estimated at 2.4 million 480 lb bales based on official Pakistani import data and export data from major suppliers. With the suspension of cotton imports from India in June 2017 due to reported phytosanitary concerns, imports from the United States have increased.

Request to Withdraw Import Restrictions:

The textile industry is seeking reduction or elimination of the 4 percent import duty and 5 percent sales tax on cotton. It's likely the government will consider this request once the domestic crop has been marketed by farmers, either in late December or January.

Table 1: Cotton Trade Statistics:

(Quantity in Metric Tons)

MONTH/YEAR	IMPORTS			EXPORTS		
	MY 2014/15	MY 2015/16	MY 2016/17	MY 2014/15	MY 2015/16	MY 2016/17
August	7,314	7,546	16,723	9,461	1,2679	4,202
September	5,661	3,429	14,318	19,070	2,4618	4,176
October	7,133	7,831	18,597	15,838	9,073	7,033
November	13,529	62,585	10,369	16,018	1,406	2,849
December	7,166	97,050	13,914	12,222	1,858	1,544
January	12,537	65,483	36,654	14,346	1,551	707
February	17,540	66,976	71,636	5,282	519	522
March	30,337	52,486	90,250	2,729	624	493
April	25,545	52,464	81,821	2,261	240	622

