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Required Report - public distribution

Date: 11/30/2017

**GAIN Report Number:** PK1724

## **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	MY	MY	MY	MY	MY
	2014/15	2015/16	2016/17	2014/15	2015/16	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

May	23,212	33,589	72,896	1,221	258	282
June	21,608	22,707	23,865	558	539	103
July	20,315	15,079	14,745	4,003	2,390	731
TOTAL	19,1897	487,225	465,788	103,009	55,755	23,264

Source: Pakistan Bureau of Statistics (PBS), Government of Pakistan

**Table 2: Production, Supply and Demand Data Statistics:** 

Cotton	2015/2016 Aug 2015		2016/2017 Aug 2016		2017/2018 Aug 2017	
Market Begin Year Pakistan						
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	2800	2800	2400	2400	2800	2800
Beginning Stocks	2890	2890	2615	2615	2265	2265
Production	7000	7000	7700	7700	9150	9200
Imports	3300	3300	2400	2400	2400	2300
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	13190	13190	12715	12715	13815	13765
Exports	250	250	125	125	350	300
Use	10300	10300	10300	10300	10600	10600
Loss	25	25	25	25	25	25
Total Dom. Cons.	10325	10325	10325	10325	10625	10625
Ending Stocks	2615	2615	2265	2265	2840	2840
Total Distribution	13190	13190	12715	12715	13815	13765
Stock to Use %	24.79	24.79	21.73	21.73	25.94	26.06
Yield	544	544	699	699	711	715
(1000 HA) ,1000 48	BO lb. Bales ,(	PERCENT) ,(	KG/HA)			