

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Pakistan

### Cotton and Products Update

#### Cotton and Products Update 2013/14

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**Report Highlights:**

Pakistan's MY 2013/14 (August-July) cotton production is revised downward to 9.1 million bales (480 lbs), 11 percent lower from the previous estimate of 10.2 million bales and three percent lower than the 2012/13 crop. Consequently, imports are forecasted to increase by 53 percent to 3.36 million bales and exports to decrease by 50 percent to 400,000 bales. Ending stocks are now estimated at 3.1 million bales. MY 2013/14 cotton consumption is forecast at 12 million bales - around half a million bales more than the last year, as Pakistan's textile sector is anticipating enhanced trade after the European Union (EU) approves GSP plus concessions effective January 2014.

## **General Information**

Post's forecast of MY 2013/14 cotton production is reduced by 1.1 million bales to 9.1 million bales, an 11 percent decrease from the previous estimate of 10.2 million bales and three percent lower than last year's crop estimate of 9.3 million bales. The decrease in production is mainly due to a six percent reduction in cultivated area from the previous five year's average estimate of 3 million hectares. MY 2013/14 cotton consumption is forecast at 12 million bales - around half a million bales more than the last year, as Pakistan's textile sector is anticipating enhanced trade after the EU parliament approves GSP plus concessions in favor of Pakistan.

The decrease in production is a result of a combination of adverse factors. The principal issues were non availability of certified seed (both Bt. and non Bt. cotton varieties), late water availability during sowing time and high temperatures that prevailed during critical months - August to October 2013. However, other factors were, lower prices of cotton compared to competing crops i.e. corn, rice, sugarcane etc., shortages of electricity, early monsoon and disease. Tight water supplies were a consequence of reduced water flow due to slow glacier melt, which was exacerbated as severe power shortages limited the ability of electric pumps to draw sufficient well water. This year, early onset of Monsoon rains was followed by high temperatures that created humid conditions that caused severe shedding of blooms and bowls resulting in significant loss to cotton production nationwide. The declining trend in international prices during the last and ongoing year not only affected area under cultivation but also the farmer's interest to apply proper inputs. Heavy pest infestation of whitefly and jassids stressed the plants to the point where they were more-susceptible to the attacks of Cotton Leaf Curl Virus (CLCV) which manifested itself in greater numbers than last year especially in Punjab areas. Finally, torrential rains and floods during monsoon affected the cotton growing areas of Punjab, damaging close to 40,000 hectares of standing cotton.

In MY 2013/14 imports are revised upwards from 2.2 to 3.36 million bales to make-up for the shortfall in production, meanwhile exports have been revised downward by 50 percent to 400,000 bales due to tighter exportable supplies.

In MY 2013/14, despite a significant reduction in production and a prevailing energy crisis, Pakistan's textile consumption is estimated at 12 million bales. Pakistan's textile and clothing sector is anticipating increased trade as a result of EU approval of Generalized System of Preferences (GSP Plus) status to Pakistan, expected to be effective January, 1, 2014. The EU Committee on International Trade has already approved GSP Plus status in favor of Pakistan. The formal approval in December is expected to allow 20 percent of Pakistani exports to enter to EU market at zero tariff and 70 percent at preferential rates. These concessions are a result of efforts to help Pakistan's economy recover losses from the devastating 2010 floods.

The EU is Pakistan's largest trading partner, receiving almost 30 percent of its textile exports - worth 3 billion Euros (\$3.9 billion) - which account for more than 70 percent of its total exports to the European Countries. According to trade sources, the concessions would increase textile exports by \$500 million to \$ one billion for next several years. Based on this increased demand, Post expects a 20 - 25 percent increase of U.S. Pima and Upland cotton exports in MY 2013/14 with additional increase in future years based on Pakistan's success in targeting the EU market.

Based on import/ export forecasts, Pakistan's MY 2013/14, stocks are likely to remain at 3.1 million bales.

## **Production, Supply and Demand Data Statistics**

Commodity, Cotton (480 lb. 000 bales)

Cotton Pakistan	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	3,000	3,000	3,000	3,000	3,000	2,830
Beginning Stocks	2,520	2,582	2,835	2,807	2,860	3,032
Production	10,600	10,600	9,300	9,350	9,700	9,100
Imports	900	900	2,200	2,900	2,700	3,368
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	14,020	14,082	14,335	15,057	15,260	15,500
Exports	1,160	1,250	450	500	400	400
Use	10,000	10,000	11,000	11,500	11,700	11,975
Loss	25	25	25	25	25	25
Total Dom. Cons.	10,025	10,025	11,025	11,525	11,725	12,000
Ending Stocks	2,835	2,807	2,860	3,032	3,135	3,100
Total Distribution	14,020	14,082	14,335	15,057	15,260	15,500
Stock to Use %	25	25	25	25	26	25
Yield	769.	769.	675.	679.	704.	674.
TS=TD	0	0	0	0	0	0