

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Pakistan

Post: Islamabad

Reduction in Planting Area and Disease Lowers Cotton Production

Report Categories:

Agricultural Situation

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Report Highlights:

Current estimates show a reduction of around 1 million acres in the cotton area planted. Pakistan's cotton crop is also being adversely effected by an outbreak of Cotton Leaf Curl Virus, and is resulting in a lower- than - expected cotton crop. While textile output should not be impacted, Pakistan's expected cotton exports will likely be reduced.

Summary:

According to local contacts and recent press reports, the MY 2012/2013 cotton crop is likely to miss the production target of 11.7 million bales (480 lbs/bail converted from Pakistani bale weight of 375 lbs/bale) due to less area planted, a serious attack of Cotton Leaf Curl Virus (CLCV), and a considerable reduction in fertilizer and pesticide use, specifically by small growers. It now looks like the crop will only reach 10.5 million bales (480 lbs/bale).

Low Cotton Prices affects Farmer's Planting decisions in Punjab:

The Ministry of National Food Security and Research (NFSR) and provincial government officials were hoping farmers would plant over 8 million acres across the country. Current estimates, however, show only seven million acres were planted. Virtually all of the 1 million-acre reduction came in Punjab, the largest cotton producing province in Pakistan. It is estimated that out of the 7 million acres planted, Punjab accounts for 5.3 million acres this year. The primary reason for the reduction in planted area was low prevailing cotton prices last season and continued high input costs at the time of planting.

CLCV Outbreak Reported in the Central Cotton Growing Region:

In addition to the reduction in planted area, cotton yields are forecast to be lower than expected this year due to a serious CLCV outbreak. Much of the cotton crop was planted late this year, due to a late frost in February, which increased the crop's susceptibility to disease infestation. Add to that the reduction of pesticide applications, due to high cost, and the disease has spread throughout much of the central cotton growing region (CLCV is spread via the white fly). Another important factor affecting yields is reduced applications of fertilizer due to rising prices. Urea prices increased substantially for the second year in a row reaching over \$18/40-kilo bag this year compared to \$10/40-kilo bag two years ago. A lack of Condensed Natural Gas has fertilizer companies running at less than 50 percent capacity resulting in higher and rising fertilizer prices.

Lower Cotton Exports Likely:

The smaller than expected crop, will still be about 5 percent higher than last year's crop, and thus will likely not affect textile production, but rather result in a reduction in estimated raw cotton exports. How much exports will be affected is still not yet clear. Pakistan consumes on average around 9 million bales of domestic cotton each year and imports around 1.5 million bales to make higher-end textile products. Raw cotton exports over the past two years have averaged about 800,000 bales, but this year USDA was forecasting an increase to 1 million bales based on initially strong planting intentions. Given the current state of the cotton crop, however, that number will likely be reduced. Post, however, is holding off adjusting its 2012/2013 PS&D numbers until October. September is a critical month for the development of the cotton plant, and we will know more about yield levels and the quality of the crop at the end of September.