

RECORDER REPORT

Cotton output may fall by 6m bales

KARACHI: The country's cotton crop production is estimated to decrease by 6 million bales or 32 percent against the target, causing a loss of more than 2 percent of the GDP to the economy for 2019-20.

"Pakistan's annually missed cotton target of 15 million bales is not based on some complex econometric extrapolation but simplistic estimates of sowing three million hectares and average domestic yield of 850 kgs per hectare," representatives of All Pakistan Textile Mills Association (Aptma) and Karachi Cotton Association (KCA) said.

Speaking at a joint press conference, Aptma Chairman Amanullah Kassim and KCA Chairman Khawaja Muhammad Zubair said that the cotton production target for this year by the Ministry of Food Security/PCCC was 15 million bales but necessary measures were not taken to achieve the target and as a result only 9-10 million bales are expected this year.

Yasin Siddique, former chairman Aptma, Atif Dada former chairman KCA, Zahid Mazhar, Tariq Saud, Asif Inam and other senior industrialists were also present on this occasion.

The country would have to import around 6 million bales of cotton from different locations to fulfill the consumption demand.

They said that Pakistani cotton is now the most expensive in the world. It is more expensive than China, USA and India varieties which are far more superior in quality. "Our polyester is already 35 percent more expensive than competing countries (Tuesday's rate in China is Rs 135 against Pakistan Rs 187).

They said that the main 31 percent yarn that produce in Pakistan is breakeven today at Rs 160/lb (based on 7.5c Wapda) and can easily be imported of a far superior quality in DTRE at Rs 150 made from contamination free American cotton. There is no 17 percent GST on imported yarn whereas a further 17 percent has to be paid on the local yarn.

They said that the economy of Pakistan revolves around cotton and its products to a great extent. The share of cotton crop in agricultural GDP is 4.5 percent while its share in national GDP is one percent. Cotton being the basic raw material for the Pakistan's textile industry accounts for almost 70 percent of the basic cost and therefore any movement in price or quantity of cotton has significant impacts on production and the farmer's revenue.

They said importance of the textile industry is contributing \$13.3 billion in exports (60 percent of total exports), 8.5 percent in GDP and employs over 10 million people with many more dependents in 2018-19.

They said that decline in cotton production is due to reduction in yield per acre, cultivation of sugarcane in the areas earmarked for cotton cultivation and supply of uncertified cotton seeds and pesticides. After payment of heavy duties and taxes on the import of cotton, the cost of final products is considerably increased due to which the local textile industry becomes unable to compete in the international market.

One major reason of the cotton crop diminishing is sugarcane which has cropped up in the best cotton sowing area. From FY10 to FY18, the area of sugarcane crop has increased from 0.94 million hectares to 1.34 million hectares up by 42 percent. Similarly the increase in area of Punjab and Sindh is 42 percent and 43 percent respectively. This encroachment is primarily due to the protection provided by the government for sugar as well as illegal extensions in capacity of mills already existing in the areas.

The cotton available in Pakistan is of average quality with short fibre length (10-25 mm length) which cannot be used for producing high-end products required for exports. Measures shall be introduced for production of long staple cotton for value added products and to meet domestic demand for high quality fabrics, including introduction of BT cotton on priority basis.

Pakistani ginned cotton contains sand, dust, threads of nylon and leaves of the cotton plant. Ginners must work on the exclusion of contamination according to international standards. On the other side, all imported cotton is contamination free. Pakistani ginned bales contain up to 10 percent trash (2 to 3 times higher than world average). This ginned cotton is underweight and contains high levels of moisture.