

## **Collapse of Pakistan cotton sector**

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Decrease in cotton acreage, per hectare yield and imprudent government policies have taken a heavy toll on cotton production. According to Pakistan Central Cotton Committee's (PCCC's) report, cotton production target has been missed by 15 percent for the year 2018. The following table shows the cotton area and production targets and achievements for the year 2017-18.

Over the last five years, cotton production has decreased from 13.86 million bales to 11.98 million bales, witnessing a decrease of 14pc which has caused a loss of Rs 535 billion (almost 2 percent of total GDP) to the economy.

Moreover, as the sowing of cotton crop 2018-19 is in progress, only 48pc crop has been sown in Sindh against the target of 0.62 million hectares whereas Punjab has achieved 95pc of the target (2.31 million hectares) till June. Total sowing of country stands at 2.494 million hectares, witnessing a decline of 8.8pc over the last five years.

Apparently the main reason for the decline in cotton crop is low per hectare yield (further decreased by 6.2pc over the last five years), which has left Pakistan with the only choice to import cotton to meet domestic demand. Under these conditions when import of cotton is the last resort to meet excess demand, 11pc cotton duty will worsen the situation and will leave Pakistan globally uncompetitive. Along with high custom duties government is hunting textile industry with non-tariff barriers (NTB). As per the NTB restrictions, cotton importers are not allowed to import cotton in more than one shipment against one permit which inflates the input costs. It will also directly impact the textile and garments exports, 75pc of which are cotton based.

In addition to low yield many other mutually reinforcing factors have also impacted the cotton production. For example better returns of sugarcane because of special policy incentives offered to sugar industry by government, has eventually frustrated cotton growing farmers. So they shifted from cotton to sugarcane which resulted in a 15pc increase in sugarcane acreage and significant decrease in cotton acreage.

Apart from technical and administrative challenges, climate change and irregular rainfall is also adding fuel to the fire. Farmers also blame widespread use of genetically modified Bt. Seeds, seeds mafia and water scarcity for low production of cotton. Farmers claim that Seed mafias are posing a substantial threat to cotton crop by selling fake Bt. seeds which results in a loss of 2-3 million cotton bales every year. The low toxin level (0.2-0.6 per gram) in those fake seeds and outdated Bt. technology has lost its effectiveness against severe cotton diseases like cotton bollworms and other insects.

Water scarcity has also played a major role in shrinkage of cotton production. At present, farmers fear that because of severe water shortage the production of cotton may decline by 35-40 percent further compared to last year. Along with water and energy crisis, the enormous increase in water, gas, fuel and electricity prices have also impacted the yield per hectare.

Besides drop in production, cotton quality is also deteriorating. Fake Bt. seeds with low toxin level and contamination are impacting both production and quality of cotton. Against the international standard of 2.5g/bales, Pakistan produces highly contaminated cotton with an average contamination of 18g/bale which causes a monetary loss of almost \$1.4 billion every year.

Besides these issues, low Investment in cotton research is also a matter of high concern. Pakistan's investment in Cotton R&D is lowest than other countries. It is financed by cotton cess collected by PCCC

which has already decreased by 53pc than the previous year causing a further decrease in cotton R&D. This decline in cotton R&D should be revised in order to assure the survival of cotton industry in Pakistan.

To protect the cotton industry from further downfall prudent policies are needed. The cost of cotton inputs should be reduced and new version of Bt. technology seeds should be provided to farmers. In addition to new and updated technology, better quality of seeds should also be provided to farmers. Efforts should also be made to explore the feasibility of cotton production in newly available arable areas e.g. in Baluchistan and KPK. Moreover, a proper lands reform system can be introduced to promote crops that are more important for the growth of the economy.

In the meanwhile, to protect the textile industry, mainstay of our economy, all duties and non-tariff barriers on cotton should be removed till such time when cotton production can meet demand.

To improve quality, campaigns and awareness programs should be initiated to train farmers about proper picking, storing and supply of cotton. Ginning should be modernized and upgraded to meet international standards.

In the absence of the government taking serious notice the imposition of 11pc duty on cotton will be the last nail in the coffin for the Pakistan textile sector as well as any hope of sustaining growth in exports.

Cotton Area & Production Targets and Achievements 2017-18			
Province	Area ( '000 ' hectares)	Achievement (million bales)	Target
Punjab 8.12	2420.00	2161.00	10.00
Sindh	650.00	612.00	4.00

3.77				
KPK	1.00		0.17	0.002
0.0005				
Balochistan	38.00		35.49	0.038
0.09				
Pakistan	3109.00		2808.66	14.04
11.98				
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Source: Provincial Crop Reporting Service Department

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