

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 08/28/2012

GAIN Report Number: uz1210

Uzbekistan - Republic of

Cotton and Products Update

Cotton Production Update

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Report Highlights:

The forecast for Uzbekistan MY2011/2012 cotton lint production decreased to 4.59 million bales and the export forecast decreased accordingly to 3.16 million bales. The government's official targets for MY2012/13 planted area and seed cotton production are reportedly set at 1.28 million ha and 3.35 MMT, respectively.

PRODUCTION

The official target for MY12/13 plant area has been decreased to 1.28 million hectares, because reportedly the government of Uzbekistan (GOU) decided to switch about 30,000 ha of land from cotton to vegetable and fruit production in few districts of the Republic. Accordingly, the seed cotton production target was reduced to 3.35 MMT, which is 50,000 tons lower than in the last year. This year's sowing campaign finished on-time in almost all cotton growing regions. Most regions experience normal rainfall during the planting season, although 4-5 percent of the total planted area required replanting due to localized storms. Uzbekistan has experienced favorable irrigation through the summer thanks to winter precipitation level twice the normal rate. Uzbek farmers will begin cotton harvest en-mass in about 10 days. The recent weather conditions are generally favorable at this pre-harvest stage, and some experts and observers believe the crop has gotten off to a fairly good start. However, favorable output and yields will depend on weather conditions during the harvest months in September and October. Considering these conditions, Post has set the preliminary MY12/13 lint production forecast at 4.55 million bales.

Table 1. Cotton Production, Supply and Demand

Cotton Uzbekistan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	1,340	0	1,330	0	1,285
Area Harvested	1,300	1,330	1,340	1,310	1,300	1,285
Beginning Stocks	948	948	1,148	1,188	1,498	1,238
Production	4,100	4,390	4,200	4,590	4,100	4,550
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	5,048	5,338	5,348	5,778	5,598	5,788
Exports	2,650	2,900	2,500	3,160	2,650	3,150
Use	1,250	1,250	1,350	1,380	1,450	1,410
Loss	0	0	0	0	0	0
Total Dom. Cons.	1,250	1,250	1,350	1,380	1,450	1,410
Ending Stocks	1,148	1,188	1,498	1,238	1,498	1,228
Total Distribution	5,048	5,338	5,348	5,778	5,598	5,788

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA

Domestic Procurement prices

In MY2011/12 the average state procurement price for seed cotton was 696,760 Uzbek Sums per ton. Usually, the new procurement prices for seed cotton are officially set by the Ministry of Finance at the end of August before the start of cotton harvest. In MY2012/13 the average seed cotton procurement price is reportedly planned to increase by 20 % and reach 836,000 Uzbek sums per ton (US \$436/ton).

(The current official exchange rate: Uzbek Sums 1917 = USD 1.00)

CONSUMPTION

Over the past 4-5 years the government has often stated that it would like to process more of Uzbekistan's cotton production domestically, but it has had only limited success. About 25 percent of all cotton is consumed domestically despite of government's plans to increase it to 50 percent. The GOU launched a special program for the modernization and reconstruction of some old cotton gins between 2007 and 2011 to address certain problems facing the ginning industry. As of today, 60 out of 150 gins have been fully modernized under this program.

In the past several years, the spinning and weaving industries had responded to strong domestic and export demand, especially for cotton yarn by investing heavily in new equipment and the renovation of existing equipment. As global markets have contracted, the textile industry must, more than ever aggressively pursue quality improvements and production diversification to include more value-added products, rather than to rely mainly on low-value yarn based exports, if it wants to remain competitive.

Currently, there are more than 45 joint ventures established in the textile industry with partners from Turkey, Germany, South Korea, Japan and Switzerland. As of 2012, foreign investments in the textile industry exceeded US \$1.1 billion. In spite of current difficulties, the local spinning industry is optimistic about textile production and export growth. Uzbekistan's MY2012/13 domestic lint consumption is forecast at 1.4 million bales.

STOCKS

There are no official sources of information on stock volumes, so the numbers indicated in the report are rough estimates.

TRADE

Exports of cotton are projected to decline gradually in accordance with GOU plans to increase the share of domestic consumption to 50 percent within the next few years. However, based on various factors, Post still believes the reduction will not take place this quickly. Post estimates MY2011/12 lint exports at 3.1 million bales. MY2012/13 exports are preliminarily forecast at nearly the same level as in the last MY. Uzbekistan still remains a primary supplier of cotton to Russia, while Asian markets, namely Bangladesh, China and South Korea are increasingly major markets for Uzbek cotton. According to the Russian Union of Textile, and Light Industry Entrepreneurs and the International Cotton Advisory Committee (ICAC), Central Asian exports (mostly from Uzbekistan) make up about 50 percent of all Russian cotton imports.