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# GAIN Report

Global Agricultural Information Network

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## Uzbekistan - Republic of

### Cotton and Products Update

#### Uzbekistan Seeks Greater Utilization of Domestic Production

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**Report Highlights:**

Post forecasts MY2012/2013 Uzbek lint production at 4.55 million bales, at the same level as reported previously. The government of Uzbekistan (GOU) policy is to increase domestic cotton consumption up to 70 percent within the next few years. The textile industry actively continues to seek investments in renewing old equipment and establishing new mills.

**Post:**  
Tashkent

**Commodities:**  
Cotton

**Author Defined:**  
**Production**

Uzbekistan's MY12/13 cotton harvest concluded about 2 weeks ago. As of October 23, according to GOU official reports, farmers harvested 3.44 MMT of seed cotton, which exceeds the official production target by 2.8 percent. However, the final official production numbers for seed cotton are not yet available, and some observers and independent experts believe that official production figures, as is customary, are overestimated. This year's crop was characterized by following factors:

- Good favorable weather conditions before and during sowing. There was reportedly no significant replanting;
- Better level of precipitation (even higher than normal at some point) during winter, which guaranteed adequate supply of irrigation water in major cotton growing regions;
- No big cases of pest infestation or any other serious plant diseases which could considerably damage the crop;
- Growers continue and increase use of early ripening, improved and new varieties of cotton.
- However, in some regions, reportedly there were cases of some input problems (shortages of good quality seed, fertilizers and fuel for agricultural machinery, as well as poor level of agro-technical work done during sowing and vegetation).
- Finally, mild and warm weather conditions without any significant rain from the beginning of September until mid-October created very favorable conditions to harvest most of the available crop (almost 99 % handpicked).

Taking into account the aforementioned factors, Post forecasts MY12/13 lint production at the same level as in the previous 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	1,340
Area Harvested	1,300	1,330	1,340	1,320	1,285	1,320
Beginning Stocks	948	948	1,148	1,148	1,498	1,198
Production	4,100	4,350	4,200	4,500	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	5,298	5,348	5,648	5,598	5,748
Exports	2,650	2,900	2,500	3,100	2,600	3,000
Use	1,250	1,250	1,350	1,350	1,450	1,400
Loss	0	0	0	0	0	0
Total Dom. Cons.	1,250	1,250	1,350	1,350	1,450	1,400
Ending Stocks	1,148	1,148	1,498	1,198	1,548	1,348
Total Distribution	5,048	5,298	5,348	5,648	5,598	5,748

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

**Table 2. MY12/13 official seed cotton plant area and production target by regions as of October 23, 2012**

Regions	Plant Area (1,000 ha)	Produc. Target (1,000 tons)	Actual Production (1,000 tons)
Karakalpakstan	94.7	190,000	215,428
Andijan	99.6	266,000	291,839
Buukhara	109.6	342,000	345,673
Djizakh	116.4	229,000	230,911
Kashkadarya	160.4	417,000	417,782
Navoi	100.9	100,000	110,140
Namangan	86.6	230,000	230,755
Samarkand	99.2	223,000	231,796
Surkhandarya	119.6	335,000	338,601
Syrdarya	110.7	243,000	247,795
Tashkent	100.2	237,000	241,206
Ferghana	109.0	280,000	282,164
Khorezm	93.8	258,000	259,924
Country Total:	1321.0	3,350,000	3,444,014

### Production Policy

The Government's overall cotton policy is still aimed at maintaining stable production and improving quality and fiber characteristics. This was again confirmed in speeches of Government officials during the recently held 8<sup>th</sup> International Uzbek Cotton and Textile Fair.

Over the last two decades, the Uzbek Research Institute of Cotton Breeding developed 162 new

varieties of cotton, 45 of which were included in the state register of Uzbekistan and recommended for planting in various regions of the Republic.

At the same time, over the last ten years the Government has put much effort in to the modernization of existing cotton gins. In accordance with the Government's special decree in 2007-2012, in total 41 cotton gins were fully modernized and reconstructed.

**Table 3. The major planted cotton varieties in MY12/13 and their quality characteristics**

Variety	Micronair Unit	UHML inch	Strength Gf/tex	UI %	RD %	B %
Bukhara 102	4,49	112,84	31,56	83,26	78,98	8,87
Bukhara 8	4,43	113,17	31,51	83,34	79,89	8,93
Bukhara 6	4,42	112,78	31,49	83,28	79,52	8,95
Namangan-77	4,61	111,14	31,08	83,48	77,96	8,68
Omad	4,43	113,43	31,32	83,41	77,19	8,65
An-Bayaut 2	4,63	111,19	30,94	83,04	77,84	8,68

### Domestic prices

As usual, prior to cotton harvest at the end of August, the Uzbek Ministry of Finance set up official procurement prices for seed cotton. See these prices in the table below:

**Table 4. MY12/13 Procurement prices for seed cotton in Uzb Sums per 1 ton**

Industrial Grades and class of seed cotton		Types/codes of cotton lint								
		Long Staple grades				Medium Staple grades				
		1a	1b	1	2	3	4	5		6
		43	42	41	40	39-38	37-36	35	34	33
I	Class 1	1428720	1306010	1244650	1095650	990460	888530	876520	865120	854200
	Class 2	1392160	1272580	1212800	1067600	965110	865780	854080	842980	832100
	Class 3	1113990	1018310	970470	854280	772270	692790	683430	674540	660200
II	Class 1	1305960	1193790	1137710	1001510	905360	812180	801204	790790	783000
	Class 2	1197570	1094710	1043280	918380	830220	744770	734700	725150	716000
	Class 3	1100930	1006370	959090	844270	763220	684670	675420	666640	658000
III	Class 1	1144020	1045760	996630	877320	793100	711470	701860	692730	684000
	Class 2	1017350	929970	886280	780170	705280	632690	624140	616020	608000
	Class 3	719590	657780	626880	551830	498850	447510	441460	435720	436000
IV	Class 1	851490	778350	741790	652980	590300	529540	522390	515590	509000
	Class 2	660820	604060	575680	506760	458110	410960	405410	400140	395000
	Class 3	505410	462000	440290	387580	350380	314310	310070	306040	302000
V	Class 3	353920	323520	308320	271410	245350	220100	217130	214300	212000

Current official exchange rate: Uzbek Sum 1960 = USD1.00

## **Stocks**

There are no official data on stock numbers. Therefore, the indicated stock numbers are Post's rough estimates.

## **Consumption**

At the recent 8<sup>th</sup> International Uzbek Cotton Fair, government officials announced that domestic cotton consumption would further increase up to 70 percent within the next three years. Similar GOU announcements were also made 2-3 years ago in order to reach up to 50 percent consumption of domestic cotton production, but as of today it has yet to happen. Post continues to believe that this increase in consumption is not going to occur quickly, and this process will depend on successful development of the local textile industry. Post forecasts MY12/13 domestic consumption at 1.4 million bales.

The spinning and weaving industries continue to invest heavily in new equipment as well as to renovate existing equipment due to improved profitability over the past few years. Domestic demand is getting stronger with a marginal increase over the last three years. Export demand, especially for cotton yarn and textile garments, has also contributed to profitability.

The share of textile industry in the GDP of Uzbekistan has a tendency of constant growth. Currently there are over 280 enterprises of light industry with a total processing capacity of 400,000 tons of cotton lint. Over the past two and a half years 43 industrial enterprises worth US\$387 million were commissioned by Uzbek light industry companies. For example, in 2012 alone 17 new textile enterprises were established. According to official sources, as of today the total amount of foreign investment in Uzbekistan's textile industry come to about US\$2.0 billion, including US\$100 million in 2012 which allowed them to increase production of high quality textile products such as yarn, fabrics, apparel and others. According to GOU statements, Uzbekistan plans to increase annually the volume of production of textile products by 20 percent and exports by 10 percent.