

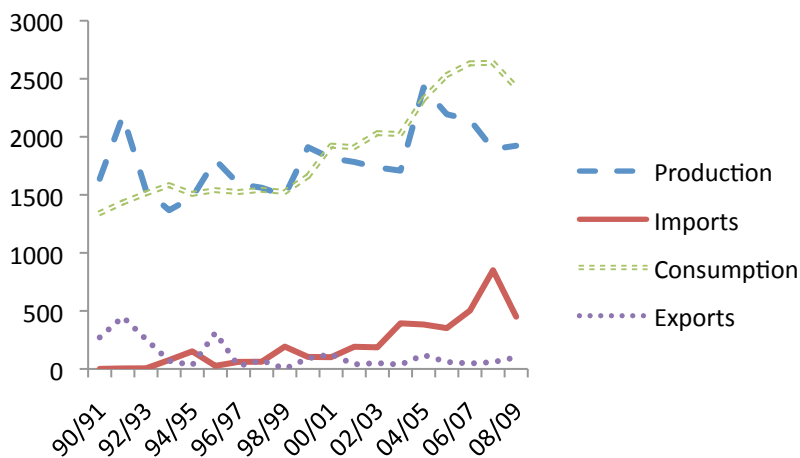
COTTON FACT SHEET PAKISTAN

Pakistan has the 26th largest economy in the world with a GDP of USD504.3 billion and a GDP per capita of USD 2,600. It has a population of approximately 176.2 million people (2008 estimates).

OVERVIEW

Pakistan is the 4th largest cotton producer and consumer (preceded by China (Mainland), India and the USA). The cotton industry is an integral aspect of the economy. This is also true of the textile sector on which the economy is heavily dependent. As such cotton is a principal crop. Mill consumption of cotton has increased from 1.3 million tons in 1990/91 to 2.6 million tons in 2007/08.

ECONOMICS



Production in 2007/08 totaled approximately 1.9 million tons, with an average yield of 620 kilograms/hectare. The cotton industry employs approximately 15 million people.

Pakistan has been a net importer of cotton since the mid 1990s. This is due to expansion in domestic demand for cotton. Pakistani's cotton exports have been below 65,000 tons for the past three seasons. The imports are

significantly higher. Pakistan's cotton imports have been increasing. Pakistan is currently the 2nd largest importer of cotton (behind China Mainland) with 880,000 tons in 2007/08. Pakistan imports a large amount of its cotton from the United States, specifically the Pima/Extra Long Staple cotton. In addition, in 2007/08, Pakistan imported significant quantities of short to medium staple cotton from India. Cotton imported from India is more cost effective since it's cheaper to trade and transport over land than sea. Cotton trading is facilitated by the fact that the government has no quantitative restrictions or duties on imports and exports of cotton.

The Pakistan economy is linked to the success of the cotton and textile sectors. They account for 8.2% of the value added in agriculture and 2% of GDP. Furthermore, the cotton and textile industries dominate exports, accounting for 55% of export value. The textile industry has been growing and is of considerable volume. Recent figures place the number of textile mills at 461. Although cotton is produced domestically, some textile mills are shifting their focus to higher quality cotton (such as the Extra Long Staple from the US); this is especially true for the export oriented textile market.

PRODUCTION CHARACTERISTICS

The major cotton producing areas in Pakistan are Punjab and Sindh. Approximately 80% of cotton is produced in Punjab and the rest in Sindh. According to recent figures, there are approximately 1.3 million cotton farmers. 3 million hectares are currently allocated for cotton farming with an average farm size of 4 hectares. However, planting area and production strategy are influenced by a number of factors such as weather and government policy. As of 2005 there were approximately 1.5 million cotton



farms. The planting season takes place from February to June and the harvest from August to December.

Cotton yields have been increasing due to improved practices, greater experience with biotech varieties, and availability of higher quality inputs. Lack of irrigation is increasingly becoming a major cause for concern and noticeably affected 2007/08 cotton production.

The main varieties planted in Pakistan are CIM 496 in Punjab and NIAB-78, and CRIS-134 in Sindh. The staple is short and medium (although it mostly medium). A major impediment to the cotton production process in Pakistan is the prevalence of mealy bugs and more importantly, the cotton leaf curl virus (CLCV).

Biotech has just been recently introduced to Pakistan. According to recent reports the Pakistani government just approved field trials biotech cotton and, although it will not officially be commercially and officially

approved for at least another season, it is expected to surpass 70% of the planted area in 2009/10.

STRUCTURE OF INDUSTRY

In Pakistan, there are a number of government agencies and private initiatives that regulate and support the cotton sector. The Ministry of Food, Agriculture and Livestock, the agriculture departments in provinces where the cotton is grown and the Pakistan Cotton Central Committee are directly involved in the different aspects of the cotton production sector. Similarly, there are organizations and research institutes related to improving production cotton production and quality such as the Central Cotton Research Institute and Center of Excellence for Molecular Biology. Finally there are the institutions responsible for the oversight of the textile industry such as the Ministry of Textile and the Textile Commissioner's Office.

ISSUES

The cotton industry suffers from a variety problems. Although Pakistan is the 4th largest producer of raw cotton it is still far behind in productivity per unit of area when compared with the yields being realized in some other major cotton growing countries. Yields are not increasing due to absence of virus resistant varieties, emergence of new insect pests such as mealy bug and CLCV and the limited adoption of better scientific cultivation methods.