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Uzbekistan, Republic of

Cotton and Products

Cotton Update

2009

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Report Highlights:

The MY2008/09 production estimate has been lowered to 4.9 million bales as a result of lower yields. MY2008/09 exports are now forecast at 3.3 million bales, the lowest level in many years, because of slack global demand. As a result MY2008/09 ending stocks are forecast to reach record levels. The government has announced a reduction in target area planted for MY2009/10.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Quarterly Report
Ankara [TU1]
[UZ]

PRODUCTION

Weather-related problems as well as continuing irrigation shortages created considerable hardship for Uzbek farmers in 2008, making it impossible to reach the state seed cotton target. There are still no officially published final figures for seed cotton production in MY2008/09, but according to official sources, farmers harvested around 3.55 Million Metric Tons (MMT) of seed cotton. Independent analysts find this report unrealistic, however, due to abovementioned weather and other challenges experienced by cotton growers. Consequently the real harvested seed cotton number is estimated lower than the state official target. Based on an estimate of 3.29 million metric tons of seed cotton output, Post forecasts Uzbekistan's MY 2008/09 lint production at 4.9 million bales, 100,000 bales lower than Post's previous estimate.

Table 1: Cotton Production, Supply and Demand

Cotton Uzbekistan	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Aug 2006			Market Year Begin: Aug 2007			Market Year Begin: Aug 2008			
	USDA Official	Post Estimate	New Post Data	USDA Official	Post Estimate	New Post Data	USDA Official	Post Estimate	New Post Data	
Area Planted	0	1,430	1,430	0	1,430	1,430	1,420	1,420	1,420	1,000 Hectare
Area Harvested	1,430	1,430	1,430	1,450	1,430	1,430	1,420	1,390	1,390	1,000 Hectare
Beginning Stocks	1,248	1,248	1,248	1,198	1,198	1,198	1,298	1,248	1,248	1000 Bales
Production	5,350	5,350	5,350	5,500	5,350	5,350	5,000	5,000	4,900	1000 Bales
Imports	0	0	0	0	0	0	0	0	0	1000 Bales
MY Imports U.S.	0	0	0	0	0	0	0	0	0	1000 Bales
Total Supply	6,598	6,598	6,598	6,698	6,548	6,548	6,298	6,288	6,148	1000 Bales
Exports	4,500	4,500	4,500	4,400	4,200	4,200	3,250	3,800	3,300	1000 Bales
Use	900	900	900	1,000	1,100	1,100	1,050	1,200	1,050	1000 Bales
Loss	0	0	0	0	0	0	0	0	0	1000 Bales
Total Dom. Cons.	900	900	900	1,000	1,100	1,100	1,050	1,200	1,050	1000 Bales
Ending Stocks	1,198	1,198	1,198	1,298	1,248	1,248	1,998	1,288	1,798	1000 Bales
Total Distribution	6,598	6,598	6,598	6,698	6,548	6,548	6,298	6,288	6,148	1000 Bales
Stock to Use %	22	22	22	24	24	24	46	26	41	PER CENT
Yield	815.	815.	815.	826.	815.	815.	767.	789.	768	(KG/HA)

Production Policy

According to the latest government decree, MY2009/10 cotton planted area will be decreased by 75,000 hectares to 1.315 million hectares, and accordingly the official seed cotton production target will be lowered to 4.4 MMT. The Government attributes these changes to need to strengthen the country's food security, as well as to the yearly drop in irrigation

water supply. The freed land reportedly will be used to produce grains, oilseeds and vegetables.

CONSUMPTION

In the past several years Uzbekistan has actively pursued the goal of becoming a textile power in the Central Asian region and a competitor in the international textiles market. Since then some progress has been made in the modernization and re-structuring of the sector. Consequently observers expected that domestic lint consumption would increase faster than in previous years. However, the world's cotton and textile trade could not avoid the negative impact of the worldwide economic crisis and Uzbekistan's textile industry is not an exception. Due to lower demand from consuming foreign countries who import Uzbek textile products, Uzbekistan's MY2008/09 domestic consumption is forecast to decline to 1.05 million bales.

TRADE

Due to the abovementioned problems of decreasing demand from consuming countries and Uzbekistan's own lower production, Post forecasts MY2008/09 lint exports at 3.3 million bales.

STOCKS

Despite reduced production, weak export and domestic demand is forecast to lead to the highest stocks-to-use ratio that analysts can recall.