

Cotton & Ginning

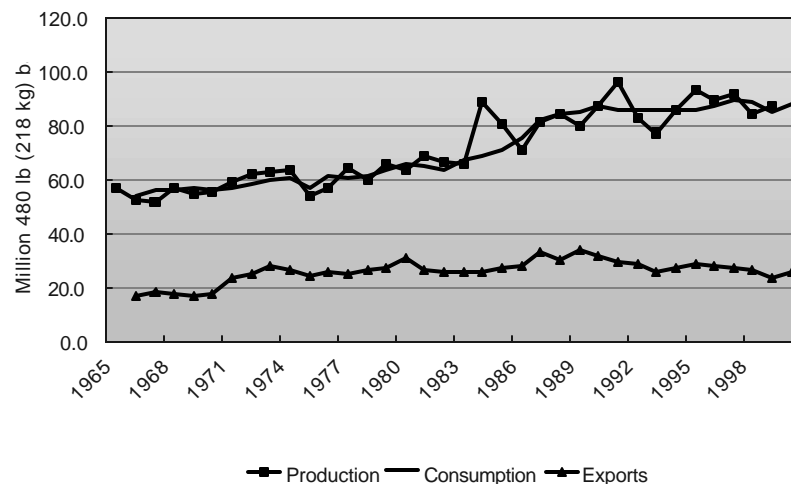


Small and Medium Enterprise Development Authority
GOVERNMENT OF PAKISTAN

Cotton & Ginning

Cotton is a natural vegetable fibre used primarily as a raw material for textiles. Cotton's strength, absorbency, and capacity to be washed and dyed also make it adaptable to a considerable variety of textile products. Leading producers of cotton include USA, China, India, Pakistan, Uzbekistan and Turkey. The current market share of cotton is 56 percent in all fibres. World textile fibre consumption in 1998 was approximately 45 million tons, of this cotton accounted for approximately 20 million tons.

The world cotton production trend over the last thirty-five years. Production is level with consumption and both have shown very little growth over the last five years. The export trend shows that the big producers are also the major consumers of cotton like USA, China, Pakistan and India. China and India have now become net importers of cotton and the volumes of raw cotton export have shrunk.



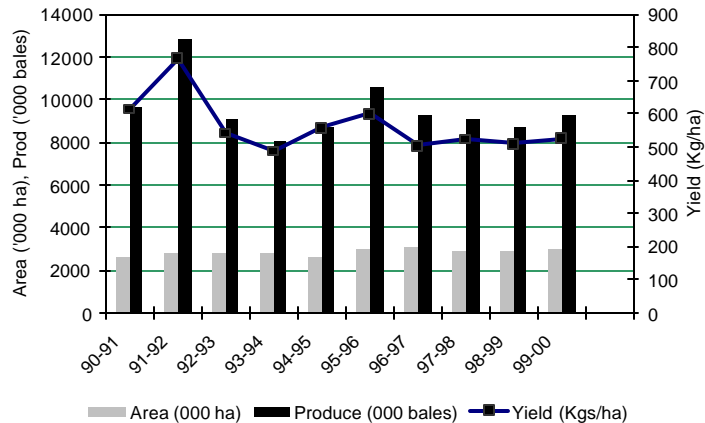
World Cotton Production

Agriculture sector is the base of Pakistan's economy with approximately 25% share in GDP. Within the agriculture sector cotton crop is the basic raw material for the textile industry. As textile exports comprise more than 60% of Pakistan's total exports, thus the success or failure of cotton crop has a direct bearing on textile exports. Cotton production is the inherent comparative advantage of the textile sector of Pakistan.

Area & Production of Pakistan

The area under cotton cultivation has not changed appreciably over the last ten years. The annual cotton crop growing area is about 3 million hectares. In the future, if Pakistan has to increase production, it shall have to come mainly from

increase in yield and higher GOT (Ginning Out Turn percentage), and not area. Agriculture department of province of Punjab has laid criteria for the approval of new cotton varieties - GOT not less than 38%, staple length not less than 27mm, micronaire not more than 4.8, strength 95,000 psi, uniformity ratio not less than 48 and boll size not less than 4gm (existing 2.2-2.3 gm). However, there are certain areas in NWFP and Baluchistan where cotton can be grown with a potential of about half a million bales.



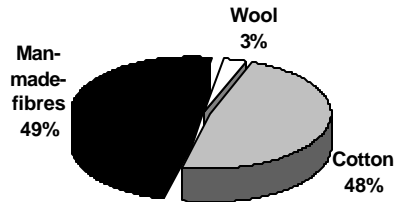
A comparison of Pakistan and other main cotton producing countries in terms of Area, Production and Yield is given in the table below:

	Area	Production	Yield (kgs of lint / Ha)		
	(Mill Ha)	(Mill Ton)	Yield	Low	High
Turkey	0.7	0.8	1129	700	1307
China	3.9	4.5	1026		
Egypt	0.3	0.2	837		
USA	5.5	3.8	692	210	1130
Uzbekistan	1.5	1.0	647		
Pakistan	2.9	1.7	586	330	1320
India	8.9	2.7	304	66	2100

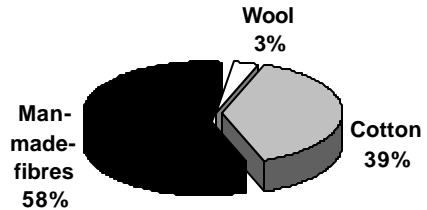
Man-Made-Fibre's (MMF) Impact on Cotton Consumption:

Textile fibers are divided into three basic types according to their source: Cotton Fibre, Man Made Fibre and Wool. In the last ten years the percent share of cotton has shrunk from 48% to 39% in the total world fibre consumption. Manmade fibres that include polyester, acrylic, nylon, rayon and viscose have taken more than 58% of the total share. Polyester has by far the largest share within the man-made-fibres, which is more than 80%.

Share of Fibre Consumption-1988



Share of Fibre Consumption-1998



Source: ITMF, 1999

Ginning

The first mechanical process involved in the processing of cotton is ginning. Ginning is the process for separating lint from seed to cotton. The ginning industry has mushroomed in the cotton growing areas of Pakistan informally, without adequate regulation. There are 1,221 ginning factories in the country. Ginning industry has and installed over capacity of more than one million bales on a single shift basis and a total capacity of around 20 million bales on three shift basis, part of which lies unutilized.

Pakistan is a developing country with peculiar issues and problems faced by its ginning industry. Cotton is entirely hand picked and use of gin process monitoring and controls are not there. Being producer of good quality medium to medium long staple cotton varieties, suffers from a number of problems related to non-application of standards, ginning practices and poor management. The machinery being used is locally made and is very old. Hence the efficiency and productivity of the process is one-fifth of that of machines currently being used in US or in other competing countries.

In Pakistan cotton processing industry has catered to low quality products - lint, yarn and fabric, over the past few decades. Changing global demands and textile market profiles are demanding a shift to quality products. In this the ginning factory plays a pivotal role for determining quality of cotton fibre as raw material for downstream industry. Yet this component of local textile industry is the most neglected and antiquated. Unless upgradation of this industry is undertaken, it would not be possible to remain competitive in export markets.

However, now government is taking some serious steps to up grade this sector of the industry. Establishment of cotton standards through PCSI, setting up of a Ginning Institute are positive steps towards the right direction.