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**White gold at its lowest**

Pakistan has spent $3.9 billion on imports of agriculture from July to December 2020. This quantum of import is 52 percent higher compared to the same period last year. The agro import bill is likely to remain elevated in the second half of FY21 as well, considering the country’s requirement for wheat, sugar, palm oil and cotton.

Agriculture is by all means the lifeline of Pakistan’s economy. It ensures food security for 220 million people, employs 39 percent of the labor force and has a direct and indirect (through raw material to industry) bearing on 75 percent of the country’s exports.

In this respect, cotton is the most significant industrial raw material. Pakistan has slipped to being the fifth largest cotton producer in the world and the third largest cotton consumer. Cotton serves as raw material to the $12 billion export textile industry (70 percent of total cost of finished product); contributes to nearly 70 percent of domestic edible oil production and is a source of livelihood for 1.7 million farming families. Notably, cotton picking is the single largest source of employment for rural women. Overall, it contributes 8.5 percent to Pakistan’s GDP. Cotton is survival.

Cotton production, with few exceptions like 14.2 million bales in 2004-5, has hovered around 12 million bales a year. The last three years tell a different story. The country has gone through a steep decline in cotton production to end the current year at merely 6 million cotton bales of standard size- the lowest in the last 30 years. The industrial requirement is above 14 million bales. The country will likely spend in the north of precious $1.5 billion for import of cotton in the coming months. A concerning story.

Paul Krugmen, a noted economist, said “Productivity isn’t everything, but, in the long run, it is almost everything.” Cotton production is no different. A comparison of three countries practising similar irrigated cotton agriculture shows a stark difference in productivity.

Australia is the highest lint producer in the world at 4.5 bales per acre; China started almost where we were in 1990s but has catapulted to three bales per acre and Pakistan is at a dismal low of just one bale per acre and remains there on the standard 227 kg bales /acre. The comparison is highly disturbing, with Pakistan falling back to 1990 levels.

Productivity and its relative profitability both remain eclipsed with governance, financial, legislative and policy concerns. It is estimated that inadequate seed provision system costs up to two million bales; ineffective insect and pest control cost up to 1.5 million bales and poor weed management up to two million bales; and improper water usage (over watering and lack of farm level drainage facilities) affect about two million bales.

Pakistan’s Central Cotton Committee supports the cotton value chain with two main cotton research institutes in Multan and Sakrand and seven research stations in all provinces. Financial and administrative issues have continued to restrict its performance. Investment in Research & Development in the agriculture sector is painfully limited to just 0.18 percent of agriculture GDP – sadly half of Bangladesh and India. It is no surprise that this has constrained research on management of whitefly, Pink bollworm and cotton leaf curl virus. This is the weak governance story of the cotton sector.

The approval and release of a large number of cotton varieties is constrained by an inappropriate regulatory framework. The public sector continues to act as a referee and a regulator in the approval process for 700 private local seed companies and half a dozen of public sector cotton research institutes. The seed regulatory body is ineffective to the extent that last year it allowed marketing of seeds to the farmers with high germination levels of 55 percent. These defective seeds played a role in reducing the plant population by half. The introduction and enforcement of the amended Seed Act and the Plant Breeder’s Rights Act 2015 is essential to fully modernizing the sector by providing necessary intellectual property protection and effectively curbing the supply and usage of adulterated cotton seed.

Pakistan’s cotton is highly contaminated. It has an average of 18 grams of contamination per bale against an international standard of just 2.5 grams/bale. Resultantly, recovery from local cotton is about 84 percent, while the global standard is above 90 percent. Even in areas where the regulations and laws are sufficiently strong to support a globally acceptable quality of cotton, the implementation machinery requires much upgradation and effectiveness. Our real hope for cotton is Upper Sindh and areas of district Lasbela in Balochistan.

Unsatisfactory quality ginning is also a weak link in the cotton value chain. Strict implementation of the Pakistan Cotton Standardization Act 2009 can lead to ginners procuring high quality cotton seed from growers. This can go a long way in strengthening ginning, which can lead to higher prices for farmers and solving quality issues for the spinning industry.

Repairing the cotton sector requires a concerted effort on the above issues. Institutional memory is important. Useful work done by a committee of experts at the Planning Commission compiled in 2018 provides a set of recommendations, some of which can be considered for implementation. The envisaged support of Rs200 billion a year for the next five years to the textile sector under a textile policy can only bear fruit if matched by attention and a minimum targeted assistance to the cotton sector.

The current agriculture package has paid less than adequate attention to the cotton sector with few tangible steps being taken to reverse the decline. The ancients called cotton ‘white gold’ for its high intrinsic value, for farmer’s remuneration and the potential of fetching enormous foreign exchange. Propelling its productivity and quality to global standards will bring rural prosperity. It is really up to us to take the bull by the horn.

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