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MONTHLY REVIEW

An interview with Karachi Cotton Association Chairman Khawaja Muhammad Zubair 'Poor seed quality poses an existential threat to domestic cotton' By [RECORDER REPORT](#) on [January 6, 2020](#) (Copy of the complete Interview may be obtained from the office of the Association)



Khawaja Muhammad Zubair is a leading name in cotton trading, known for his long-term association with cotton inspection business. He is the CEO Baltic Control's Pakistan office, a global inspection, verification, testing and certification company with headquarters in Denmark.

In October last year, Zubair was elected chairman Karachi Cotton Association for marketing year 2019-2020. This is his second stint as chairman KCA. He has previously served as KCA's boss in 2014, in addition to representation in association's executive committee in various capacities as senior vice chairman, vice chairman, and member for many years.

As domestic cotton crop is set to witness a record-low production season, BR Research sat down with chairman KCA to understand his views on challenges surrounding the sector, with focus on trade policy, price-setting, derivatives market, seed quality, data reporting, and outlook for coming season. Below are the edited excerpts of the conversation:

BR Research: News reports indicate that cotton crop is set to record its worst performance in several decades, leading to fears that agricultural GDP growth rate may itself take a hit. Do you believe these fears are misplaced?

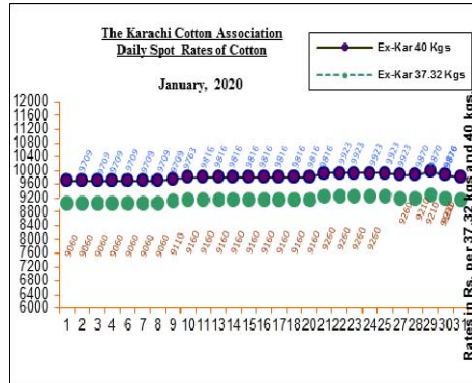
Khawaja Muhammad Zubair: This season is the first in recallable memory when crop target was revised down by 30 percent in the very first CCAC's meeting, held in mid-September. This is significant because Cotton Crop Assessment Committee (CCAC) is a national forum which notifies a consensus estimate after exhaustive stakeholder consultations. These include public sector bodies such as Pakistan Central Cotton Committee, Federal Seed Certification & Registration Dept., Department of Plant Protection, provincial crop departments, various grower associations and industry bodies such as PCGA, KCA, and APTMA.

Historically, major revision in crop estimate is usually announced in the second CCAC meeting held before calendar year-end. By that time, more than eighty percent of harvest is already completed. Because cotton crop target has now been missed for several seasons, the December estimate is usually much lower than the first.

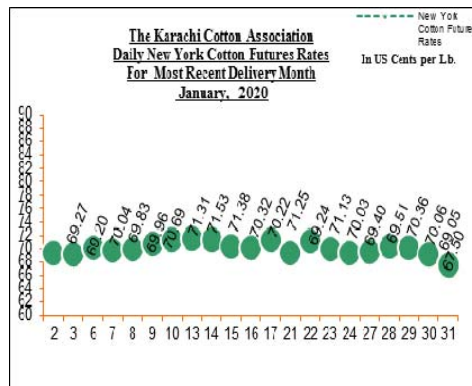
This year, low-base effect of the first CCAC estimate led to sombre projections by some market players that the final output may be as low as 7.5 – 8 million bales. KCA's market intelligence places it a little under 9 million bales; however, CCAC meeting held in third week of December arrived at a consensus estimate of 9.45 million bales.

This is lowest in at least 20 years, but unsurprising. Reports suggest that apart from Rahim Yar Khan region, most cotton-growing areas have recorded a multi-year low yield. In the past, low yield was usually attributed to pest attacks, water stress, and poor-quality seeds, which was exacerbated by unexpected extreme temperatures in this season.

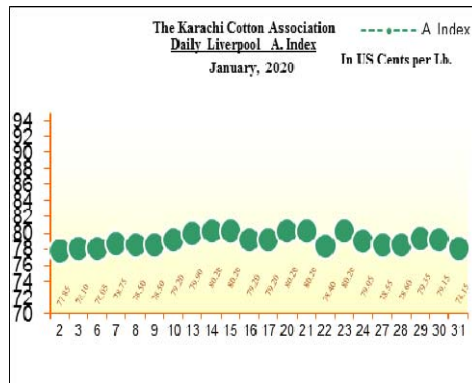
Graphical presentation of the KCA Official Spot Rate for the month of January 2020 is shown below for information of the Cotton Trade.



Graphical presentation of New York Cotton Futures rates for the most recent delivery month during January 2020 is shown below.



Graphical presentation of Cotlook A Index during the month of January 2020 is shown as under.



Important News of January, 2020.

- Imported cotton: ECC to withdraw GST, other duties from January 15
- African countries to benefit from PMU clean cotton technology.
- Cotton market ends 2019 on steady tone.
- Cotton growers and ginners: Ministry accuses government of giving preference to 'mighty' textile sector.
- Withdrawal of import duties on cotton
- Cotton gains 1pc as US-China trade optimism lifts demand
- Goods transporters strike: Textile exporters in doldrums over suspension of cargo traffic
- Cotton market: Strong demand pushes rates higher
- Export: Textile industry identifies major hindrances
- Ginners not interest in fresh deals on cotton market
- Goods transporters end strike; decision welcomed
- Cotton up for fifth day, US-China trade deal grabs spotlight
- Textile products: Exporters to get big orders shortly: Ashrafi
- Cotton slips as investors book profits, seek clarity on trade deal.
- Decline in cotton output annoys PM.
- Cotton rises over 2 percent on mill buying, short covering.
- Cotton dips to over one-month low on China virus jitters.
- Contamination reduces cotton value.
- Decline in cotton output to cost farmers \$6 billion, NA panel told

 The Cotton Exchange, Karachi: February 14, 2020
 Muhammad Ali, Assistant Secretary (Stats),
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