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INDUSTRY REPORT
FROM FARM TO FABRIC: THE ROLE OF DOMESTIC COTTON PRODUCTION IN PAKISTAN'S TEXTILE AND GARMENT EXPORTS

Series: Primary Industries
Issue: 1

February 2026

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Executive Summary

Domestic cotton production serves as a strategic input within Pakistan's principal manufacturing export complex; however, its significance has transitioned from a nearly self-sufficient foundation to merely one element in a more import-reliant raw-material framework. Over the previous decade, the area cultivated with cotton and its yields have exhibited considerable volatility, with intermittent production disruptions emerging as a primary factor driving cost inflation, increased import reliance, and competitiveness dynamics within the textile-garment export sector [1].

From 2014–15 to 2023–24, the area dedicated to cotton cultivation declined from approximately 3.0 million hectares to 2.37 million hectares, while lint production fluctuated from around 14.0 million bales (170 kg) to 10.2 million bales, experiencing a dramatic decrease in 2022–23 to approximately 4.9 million bales alongside a significant reduction in lint yield to approximately 390 kg/ha. Projections for 2024–25, as per official estimates, suggest a continued shortfall (approximately 7.1 million bales), indicating that "availability stability" is increasingly sustained through imports rather than domestic production [2].

The dynamics of cotton supply exert influence on export competitiveness through four primary transmission mechanisms. Firstly, they modify input costs and working capital requirements: diminished crops elevate domestic lint prices, heighten price volatility, and heighten dependence on foreign currency for imports [3]. Secondly, they affect product strategy and value addition: firms can maintain export volumes during periods of shortfall by importing cotton, albeit at the cost of balance-of-payments vulnerability and, occasionally, elevated effective costs due to logistical challenges, financing limitations, and tax/refund complications. Thirdly, they alter the efficiency of supply chains: disjointed linkages from farm to gin and ongoing quality issues (such as contamination, grade mixing, and moisture problems) diminish the premium that Pakistan's cotton can command and promote a shift towards imported cotton for quality-sensitive spinning processes [4]. Lastly, they interact with policy frameworks: energy pricing, rules regarding export facilitation, and governance related to seed and quality can either bolster domestic linkages or inadvertently skew the system in favor of imported inputs [5].

The textile and garment sector continues to hold a preeminent position in both exports and industrial employment metrics. **According to the most recent official statistics, textile products constituted approximately 55% of the total export volume for July to March in the fiscal year 2025, while the broader textile industry accounts for nearly one-quarter of the overall industrial value added and roughly 40% of the industrial labor force.** The composition of exports has been progressively shifting towards higher-value segments (such as knitwear, garments, and bedwear) relative to upstream products like yarn and fabric, although the overall sector remains predominantly reliant on cotton and thus vulnerable to fluctuations in cotton supply [3].

Scenario analyses suggest that a “shortfall regime” (for instance, domestic output ranging from 5 to 7 million bales) substantially elevates the necessity for raw cotton imports (often by several million bales), thereby inflating import expenditures and heightening susceptibility to fluctuations in exchange rates as well as trade and logistics disturbances; while this scenario can still maintain export levels for key categories if policy and liquidity constraints do not hinder imports, it generally leads to diminished profit margins and reduced investment capacity, which in turn undermines competitiveness over time. Conversely, a “surplus and quality-upgrading regime” (e.g., producing 10 to 12+ million bales with enhanced contamination control and grading practices) has the potential to enhance competitiveness by decreasing effective fiber costs, alleviating working capital pressures, and facilitating more rapid and reliable sourcing, provided that the system concurrently safeguards farm incentives, endorses modern seed technologies, and aligns taxation and energy regulations to prevent penalization of domestic inputs [6].

Consequently, policy and industry recommendations must conceptualize cotton not merely as a standalone crop, but as an integral component of a competitiveness framework within the export ecosystem: enhancing governance over seed and varietal quality, instituting grading-based marketing and contamination control measures, investing in resilience against climate-related and pest-related challenges, streamlining tax and refund processes that disadvantage domestic sourcing, and bolstering improvements in trade logistics that mitigate lead times [7].

Data, definitions, and methodology

This report synthesizes agricultural statistics pertaining to crop metrics (area, lint production, yield) obtained from the Ministry of National Food Security & Research; insights into the cotton market and trade derived from the Pakistan Central Cotton Committee; export and import composition data extracted from the Pakistan Bureau of Statistics as documented in the Pakistan Economic Survey; along with sectoral capacity information sourced from the manufacturing chapter of the Pakistan Economic Survey.

Key measurement units and conversions conform to established and recognized official standards. Crop production is expressed in terms of "'000 bales" of cotton lint; the Pakistan Central Cotton Committee and the Pakistan Bureau of Statistics conventionally define a bale as weighing 170 kg. For converting imports, this report uses the metric of 1 bale ≈ 170.09 kg (as referenced in the tables of the Ministry of National Food Security & Research) to help translate tonnes into bales for comprehensive supply-balance assessments.

The tables detailing export performance presented within the Economic Survey are quantified in nominal rupees (Rs million). Nominal currency series are susceptible to exchange rate fluctuations and inflationary pressures; changes in rupee valuations should not be interpreted merely as adjustments in volume or real prices in the absence of deflators or quantitative data. In cases where only partial-year data is accessible, the report categorizes such data as directional indicators rather than reflective of full-year conclusions.

SSignificant data gaps still exist in three key areas related to competitiveness analysis: (i) regularly published series for domestic lint quality indicators (contamination, staple length, micronaire) over long periods; (ii) unit labor cost metrics specifically developed for the textiles and garments sector; and (iii) consistent and publicly accessible lead-time distributions from manufacturing facilities to destination markets. As a result, the report uses policy- and logistics-related proxy indicators, such as Doing Business Trading Across Borders timings and policy announcements regarding lead times. It also considers quality trends mainly as qualitative, highlighted by consistent official and industry focus on issues like contamination and grading problems.

Cotton production trends and quality dynamics

National trends in area, yield, and production

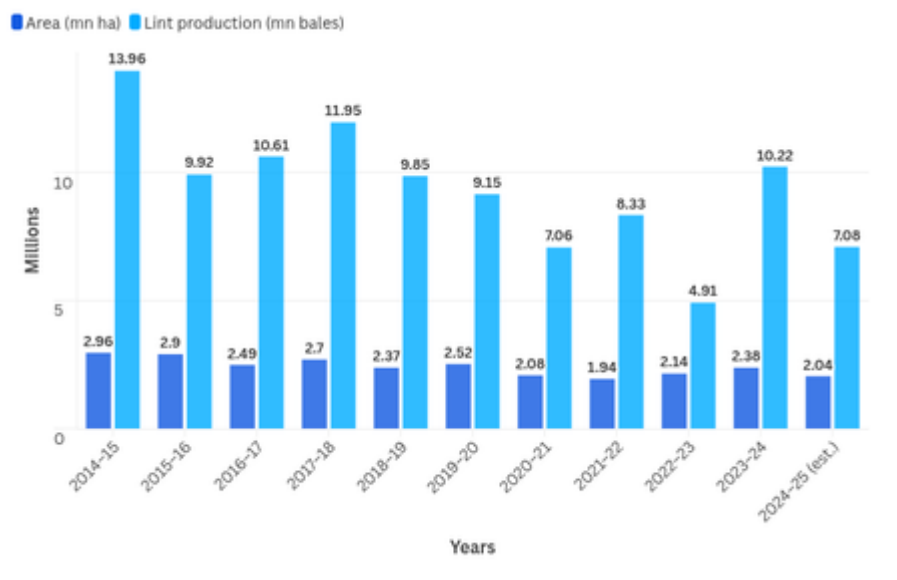
The preceding decade has exhibited volatility rather than consistent productivity gains. The national cotton area has experienced a decline from approximately 2.96 million hectares (2014–15) to around 2.14 million hectares (2022–23), subsequently rebounding to approximately 2.37 million hectares (2023–24), before experiencing another decrease to an official estimate of approximately 2.04 million hectares in 2024–25. Lint production has similarly fluctuated, ranging from about 14.0 million bales (2014–15) to roughly 9.9 million bales (2015–16), recovering to approximately 10.6–11.9 million bales (2016–17 to 2017–18), declining to about 7.1 million bales (2020–21), increasing to roughly 8.3 million bales (2021–22), plummeting to around 4.9 million bales (2022–23), rebounding to approximately 10.2 million bales (2023–24), and subsequently easing again to an estimated 7.1 million bales (2024–25) [1].

Table 1. Cotton area, lint production, and yield

Crop year	Area (mn ha)	Lint production (mn bales)	Lint yield (kg/ha)
2014–15	2.961	13.960	801.8
2015–16	2.902	9.917	581.3
2016–17	2.489	10.612	725.2
2017–18	2.700	11.946	752.4
2018–19	**2.373**	9.854	706.3
2019–20	2.517	9.148	618.1
2020–21	2.079	7.064	578.0
2021–22	1.937	8.329	731.4
2022–23	2.144	4.910	389.6
2023–24	2.375	10.223	732.2
2024–25 (est.)	2.043	7.084	~589.0

The performance of yield further underscores the competitive challenges: lint yield was approximately 802 kg/ha in 2014–15, experienced a sharp decline in 2015–16 (approximately 581 kg/ha), recovered to the mid-700s during the period from 2016–17 to 2018–19, weakened subsequently, and then fell to about 390 kg/ha in 2022–23 before recovering to approximately 732 kg/ha in 2023–24. The yield projection for 2024–25, as inferred from official area and bale estimates, is approximately 590 kg/ha, indicating a persistence of instability rather than a definitive yield advancement [2].

Table 1. Cotton area, lint production, and yield



Regional production patterns and structural constraints

Cotton production is concentrated in the provinces of Punjab and Sindh, with significant fluctuations in provincial yields and output observed across years. For instance, during the 2023–24 agricultural season, the reported yield in Sindh exceeded 1,050 kg/ha, whereas that in Punjab was approximately 610 kg/ha, thereby illustrating that regional agronomic practices, water resource availability, varietal composition, and pest pressures critically influence national agricultural outcomes [1]

An array of scholarly sources converges on a uniform set of productivity Constraints: the pressures exerted by pests and diseases, the variability of weather conditions, and deficiencies in the quality of agricultural inputs, most notably, seed quality and varietal performance. According to the State Bank of Pakistan, the provision of inferior-quality seeds has been linked to inadequate germination rates and subsequent production losses; it also underscores the reliance on favorable climatic conditions and a consistent power supply throughout the production chain. Furthermore, the textiles-and-apparel policy framework explicitly links the enhancement of cotton yields to the adoption of "cutting-edge seed technology" and emphasizes the need to attract both domestic and international seed enterprises, suggesting that the policy-making body perceives seed innovation as pivotal to regaining competitive advantage [7].

Cotton quality trends and why they matter for exporting fabric and garments

Quality challenges, especially contamination and grading, are pivotal because export competitiveness in yarn, fabric, and many apparel categories is highly sensitive to yarn consistency, strength, and dyeing/processing performance. **The SBP cotton ginning study states that Pakistan's cotton "does not attract high value" compared with cotton of similar grades elsewhere due to contamination, inappropriate moisture content, and mixing of different grades, which limits the ability to target higher-value sales and encourages firms toward imported cotton when quality demands tighten [6].**

Grading-based cotton marketing mechanisms and provincial implementation of cotton control measures are critical to the value chain's comparative advantage [4]. **Taken together, the evidence suggests that "quality volatility" compounds "quantity volatility": even when domestic production rebounds, quality shortcomings can still push spinners toward imports for certain counts and blends, weakening domestic linkages from farm to export [6].**

Cotton supply dynamics, prices, and import dependence

Domestic vs international prices and competitiveness implications

Domestic cotton prices tend to co-move with global benchmarks but reflect quality differentials, logistics, exchange-rate movements, and domestic scarcity. A PCCC market report snapshot (1 November 2025) shows Karachi ex-gin domestic lint price ranges expressed both in PKR and US cents per pound, alongside international reference prices (including the Cotlook index and other origins), illustrating that domestic prices are framed directly relative to global benchmarks in market practice [3].

Industry reporting also highlights that Pakistan's cotton price can rise with global price spikes (e.g., U.S. cotton) and that local shortages can elevate domestic prices; such price rises increase input costs for spinning and can compress margins unless exporters can pass cost increases through, often difficult in price-competitive markets.

Why this matters for exports: cotton is the first major cost item in cotton yarn and a key cost driver in cotton-rich textiles and apparel. In a context where Pakistan competes with large-scale exporters and faces pressure on unit values in traditional markets, higher and more volatile cotton costs weaken price competitiveness unless productivity and energy costs improve simultaneously [6].

Import dependence: volumes, costs, and sources

The clearest quantitative signal of cotton supply stress is the surge in raw cotton imports during short crop years. Comparing July–June FY2024–25 with FY2023–24, raw cotton imports rose sharply in both quantity and value in the PCCC trade table, consistent with the official narrative that domestic shortages are being met through imports. The Economic Survey also reports that during July–April FY2025, textile imports increased strongly and raw cotton imports in particular surged in both value and quantity, explicitly attributing this to shortage of domestic cotton production.

Supplier composition (where available from UN Comtrade/WITS) indicates a diversified sourcing base, with large shares from the United States, Brazil, and Afghanistan in calendar 2023 for HS 520100 (cotton, not carded or combed). Earlier years show similar patterns, suggesting that Pakistan's import strategy is structurally anchored in a few major global exporters plus regional supply [9].

Table 2. Domestic production vs raw cotton imports (supply-balance proxy) (Imports converted using ~170.09 kg/bale for comparability; domestic share is production ÷ (production + imports), ignoring small raw-cotton exports.)

Year	Domestic lint production (mn bales)	Raw cotton imports ('000 tonnes)	Imports (mn bales, approx.)	Domestic share of (prod+imports)	Import value (Rs bn)	Indicative main suppliers
FY2023–24	10.223	204.9	~1.20	~89.5%	94.6	Pattern consistent with US/Brazil/Afghanistan dominance in nearby years [9]
FY2024–25	7.084	684.8	~4.03	~63.7%	353.8	Import dependence expands; suppliers typically diversified across major exporters [10].

Share of domestic cotton in textile/garment raw material use

A practical proxy for "share of domestic cotton in raw material use" is the share of domestic production in total lint availability (production plus raw cotton imports). On this measure, the domestic share fell from roughly ~90% in FY2023–24 to roughly ~64% in FY2024–25, indicating a rapid shift toward import dependence when domestic output drops [2].

Two important nuances follow. First, this proxy understates broader import reliance because the sector also imports textile intermediates (e.g., cotton yarn, man-made fibre inputs) when domestic upstream segments are uncompetitive or constrained [8]. Second, import dependence is not merely a response to quantity shortfalls; it is also a response to quality gaps that make imported cotton attractive for certain processing requirements. [6]

Processing capacity, geography, cotton–textile value-chain linkages and Systemic Constraints

Installed capacity and geographic distribution

Pakistan's textile industry has a long production chain from cotton cultivation through ginning, spinning, weaving/knitting, processing, and made-ups/garments. Official reporting describes it as the manufacturing segment with the longest value chain and substantial potential for value addition at each stage [5].

On capacity, the Economic Survey reports (July–March FY2025) a spinning sector comprising 408 textile units (40 composite and 368 spinning), 13.409 million spindles installed (9.5 million operating), and 198,800 rotors installed (126,583 operating), with capacity utilisation around 70.8% for spindles and 63.7% for rotors. The mill weaving segment reports 9,084 looms installed and 6,384 in operation. Ginning is geographically anchored in cotton-producing regions. The SBP ginning segment study estimates over 1,200 ginning units, with roughly 60% in Punjab and 40% in Sindh, and identifies clusters with significant establishment counts around Rahim Yar Khan, Vehari, Multan, and Sanghar, among others [5].

Textile and garment production is also concentrated in Punjab and Sindh, with major industrial clustering in Lahore, Faisalabad, and Multan in Punjab, and in Karachi in Sindh, reflecting urban labour markets, access to utilities, and proximity to ports [11].

Value-chain linkages from farm to exports

Cotton's contribution to export competitiveness depends on the efficiency and incentive alignment of interlinked stages: farm production, seed-cotton marketing, ginning, spinning, fabric formation, wet processing, and garment/home textile manufacturing. Weakness at any stage can create system-wide frictions.

Table 3. Cotton-to-textile processing capacity and location patterns (selected official/primary indicators)

Segment	Capacity indicators	Operational indicators / notes	Geographic concentration (indicative)
Ginning	>1,200 ginning units (historic estimate); cluster counts reported for multiple districts/cities	Significant non-operational share reported historically; quality/contamination and power constraints highlighted	Cotton belt of Punjab & Sindh; clusters include Rahim Yar Khan, Vehari, Multan; Sindh clusters include Sanghar [5].
Spinning	408 units; 13.409 mn spindles; 198,800 rotors installed	9.5 mn spindles & 126,583 rotors operating; utilisation ~71% (spindles) & ~64% (rotors) in Jul–Mar FY25	Major industrial centres incl. Faisalabad and Karachi clusters [4]
Weaving (mill)	9,084 looms installed	6,384 looms in operation; non-mill sector large and partly unreported	Punjab/Sindh industrial clusters [4]
Made-ups & garments	Export performance strongest in knitwear/garments/bed wear segments	Growth in value and quantity in recent partial-year comparisons	Concentrated in Karachi and Punjab urban clusters 6
Synthetic fibres (related input base)	5 major producers; ~636,000 tpa capacity	Synthetic fibre dominates domestic market; relevant for diversification beyond cotton	Countrywide industrial footprint; interacts with fibre mix strategy [4]

A notable structural issue is the limited reward for clean, well-graded cotton. The SBP ginning analysis highlights that poor picking, storage, and ginning practices, and a weak incentive structure for clean cotton contribute to contamination and grade mixing, ultimately depressing prices and limiting export potential. Policy recognises this: the textiles-and-apparel policy explicitly calls for grading-based cotton marketing and encourages enforcement of cotton control to improve quality along the value chain.

Export performance, markets, and competitiveness implications

Export product mix and the cotton linkage

Textiles remain the central export group. The Economic Survey reports textile exports rising to US$ 14.8 billion during July–April FY2025 with a 55.2% share of total exports in that period. Within textile categories, knitwear, bedwear, and readymade garments are highlighted as key growth drivers, and the official export composition chart assigns large shares to knitwear (28%), readymade garments (23%), and bedwear (17%), with smaller shares for cotton cloth (10%) and cotton yarn (4%) [3].

Longer-run export tables (Major Exports, Rs million) show that value-added textile categories grew strongly over FY2015–16 to FY2023–24. Knitwear rose from Rs 246,267 million to Rs 1,246,870 million; readymade garments from Rs 228,861 million to Rs 1,006,944 million; and bedwear from Rs 210,543 million to Rs 792,919 million over the same span. While cotton yarn and cotton fabrics also rose in nominal terms, the composition shift is consistent with broader evidence that garments and home textiles have overtaken yarn/fabrics as leading export drivers over the past decade [3].

Interpretation: cotton production influences these exports indirectly and non-linearly. When domestic cotton is abundant and reasonably priced, it strengthens spinning and reduces import/FX costs. When domestic cotton is scarce, exporters can still ship garments and home textiles by importing cotton, so export values may remain resilient, but the economy absorbs higher import bills, and firms face higher financing, logistics, and policy-friction costs.

Major export markets and concentration risk

At the macro level, destination shares indicate that Pakistan's exports are heavily oriented toward developed markets. In FY2023–24, developed countries accounted for ~52.3% of exports, with OECD alone accounting for ~51.3%; in the July–March FY2024–25 period, developed countries' share rose to ~53.0% and OECD to ~52.0%. This implies strong exposure to demand conditions, compliance regimes, and pricing pressure in high-income markets.

Table 4. Export performance by key cotton-linked products (nominal Rs million) [3]

Product	FY2015–16	FY2018–19	FY2020–21	FY2022–23	FY2023–24	Jul–Mar FY2023–24	Jul–Mar FY2024–25 (P)
Raw cotton	7,948	2,709	131	3,064	15,944	15,944	243
Cotton yarn	131,700	152,726	161,781	212,451	271,546	225,993	149,934
Cotton fabrics	230,757	285,625	307,157	499,035	528,142	404,845	396,759
Hosiery (knitwear)	246,267	394,748	609,576	1,088,860	1,246,870	922,023	1,054,210
Bedwear	210,543	307,202	443,286	664,017	792,919	594,113	661,292
Towels	83,681	107,043	149,783	248,142	298,302	222,803	228,054
Readymade garments	228,861	362,320	485,061	861,249	1,006,944	737,926	861,047

Industry and central bank reporting characterise the European Union and the United States as traditional markets where unit-value movements strongly affect export performance; the FY2024 analysis attributes the stagnation in textile export value partly to declining unit values in these traditional markets [6]. Such dependence increases the strategic value of reliable domestic cotton supply and efficient logistics: both are key to maintaining competitive pricing and timely delivery in markets that can switch sourcing rapidly.

Competitiveness indicators: input costs, productivity proxies, and lead times

Input costs (cotton, energy, and taxes): In cotton-based value chains, cotton price shocks raise yarn cost and propagate into greige fabric and finished goods. Shortfalls, therefore, force firms either to pay higher domestic prices or import [2]. Beyond cotton, energy pricing is repeatedly framed as decisive for competitiveness. The textiles-and-apparel policy commits to providing electricity and RLNG to export-oriented textiles at regionally competitive rates, signalling policy recognition that energy costs were undermining competitiveness [7]. Industry reporting similarly highlights energy-tariff pressures and tax treatment under export facilitation arrangements as drivers of upstream uncompetitiveness, including strong growth in imported intermediates substituting for domestic supply [8].

Productivity and unit values: While robust unit labour cost series for the textile sector are not available in the sources used here, evidence from competitiveness-oriented analytical work indicates that Pakistan's garment exports are concentrated in lower price ranges for key products and often earn unit values materially below world averages, suggesting constraints in upgrading, product development, and productivity-adjusted competitiveness [12]. The implication is that cotton supply improvements alone are insufficient; they must be paired with upgrading (skills, technology, product design) to translate cost relief into sustained market-share gains.

Lead times (logistics and border compliance): Pakistan's ability to compete in fast-turn apparel segments is constrained by trade logistics and border processes. The Doing Business 2020 economy profile for Pakistan reports border compliance time to export of around 58 hours (Lahore benchmark) and associated border compliance costs; it also provides detailed breakdowns for exporting (including processes at port/border).

The textiles-and-apparel policy explicitly states that speed-to-market is a key buyer concern and commits the government to reducing import/export lead times in coordination with customs and port authorities, reinforcing that lead times are treated as a competitiveness bottleneck.

International comparison: cotton supply strategies and export models

Pakistan's competitive position differs from several benchmark "cotton–textile–apparel" economies in how cotton supply is managed and how upgrading has proceeded.

China and India remain central reference points as large integrated producers and exporters: recent analytical work notes Pakistan's strong textile export performance but also highlights intensifying competitive pressure from large exporters offering lower prices in traditional markets [6]. At the cotton producer level, industry comparisons show that Pakistan's cotton output is materially smaller than major producers like the United States, Brazil, China, and India, and that Pakistan's yields are described as stagnant relative to improving competitors (notably Brazil) [8].

Pakistan also contrasts with apparel powerhouses such as Bangladesh and Vietnam, which have built export scale with heavy reliance on imported fibres and intermediates; in that model, competitiveness depends more on logistics, buyer integration, and scale/productivity than on domestic cotton availability. The competitiveness implication for Pakistan is that domestic cotton is an advantage only if it is reliable and quality-consistent; otherwise, Pakistan converges toward the imported-input model while still bearing the macroeconomic costs of cotton-sector decline [11].

Finally, in trade geography, developed markets (OECD) dominate Pakistan's export destination shares, similar to several competitors that target EU/US demand, but this amplifies the need for compliance, quality, and delivery reliability—areas where cotton quality governance and supply-chain coordination become competitiveness assets [3].

Risks, scenarios, and recommendations

Supply risks affecting cotton and export competitiveness

Cotton supply risk is multi-dimensional:
Climate and weather shocks can rapidly alter output, driving import surges and cost volatility. Recent floods are explicitly linked to crop damage and agricultural impacts, illustrating the continuing exposure of the cotton base to climate shocks. Pests and agronomic stresses remain persistent constraints. While this report does not reproduce a full pest incidence series, the repeated policy and industry emphasis on stagnant yields, area shifts, and seed technology points to a structural productivity problem rather than a one-off event [14].

Input availability and policy distortions can weaken incentives. In particular, if domestic inputs are taxed or refunded more slowly than imported inputs under export facilitation arrangements, firms may rationally shift sourcing away from domestic suppliers, weakening farm-to-factory linkages [7].

Trade and macro shocks (FX constraints, shipping disruptions, global price spikes) can magnify the cost of import dependence. When imports are the buffer, competitiveness becomes more sensitive to exchange-rate movements and external account stress [11].

Scenario analysis: cotton shortfall vs surplus

Scenario A: Shortfall regime (e.g., 5–7 million bales domestic output)
Under this regime, raw cotton imports must fill a large gap, potentially several million bales, raising the import bill materially. FY2024–25 provides a near-real example: domestic output ~7.1 million bales coincided with raw cotton imports of ~685 thousand tonnes (~4.0 million bales equivalent), implying that imports supplied roughly one-third of total lint availability.

Export volumes in value-added categories can still be maintained if firms can import cotton smoothly; indeed, textile exports rose in July–April FY2025, even as raw cotton import growth was explicitly linked to domestic shortages. The competitiveness cost is that margins and investment capacity erode because firms face (i) higher landed costs, (ii) higher working-capital needs, and (iii) greater exposure to policy frictions (refund delays, tax treatment) and logistics delays, risking a gradual loss of market share to lower-cost or faster competitors [8].

Scenario B: Surplus and quality-upgrading regime (e.g., 10–12+ million bales with improved grading/clean cotton)

A return to sustained ~10 million-bale-plus output (as in 2023–24) reduces import requirements and foreign exchange pressure while improving input-price stability. But competitiveness gains are maximised only if quality improves: contamination control and grading-based marketing raise the effective value of domestic cotton and reduce the incentive for mills to substitute imported cotton for quality reasons.

A surplus regime also requires mechanisms to stabilise farm incentives, otherwise lower domestic prices may push farmers to other crops, reproducing the area decline. Policy discussion of hedging mechanisms and structured cotton marketing reflects an attempt to address this stability problem [7].

Policy and industry recommendations

Strengthen cotton productivity and resilience (farm level).
Policy should operationalise the commitment to bring "latest seed technology" and strengthen the seed innovation ecosystem (including effective varietal governance and farmer access to quality inputs), because yield recovery is foundational for reducing import dependence. Climate resilience should be treated as an export-competitiveness investment: flood- and heat-resilient agronomy, improved water management, and pest management reduce the probability of macro-costly shortfalls.

Implement grading-based marketing and contamination control as a competitiveness reform.
A credible grading system (with price premia for clean, well-classed cotton) realigns incentives across pickers, traders, and ginners. This directly addresses the documented problems of contamination, moisture mismanagement, and grade mixing that depress prices and quality. Ginner training and technology upgrading should be linked to measurable contamination reductions and traceability, improving spinners' confidence in domestic cotton.

Rebalance policy incentives to strengthen domestic linkages rather than biasing imports.
The textiles-and-apparel policy's "level playing field" objective should be applied not only internationally but also domestically: if export facilitation or sales-tax rules create systematic cost advantages for imported inputs over domestic ones, the cotton–textile linkage weakens even in good cotton years. Streamlining refund processes and ensuring neutrality between domestic and imported intermediate inputs would reduce substitution away from local spinning and ginning.

Reduce energy and logistics constraints to convert cotton availability into export competitiveness.
Energy pricing commitments must be credible and sustained because spinning and processing are energy-intensive. The policy's promise of regionally competitive energy rates for export-oriented units should be implemented with transparent targeting and predictable funding. On logistics, reforms should prioritise reducing border compliance time and variability, consistent with Doing Business evidence and the policy emphasis on lead times; speed-to-market is increasingly decisive in apparel.

Promote upgrading beyond cotton dependence while protecting cotton's comparative advantage.
Global apparel fibre demand is increasingly man-made-fibre heavy, and analytical work argues Pakistan is constrained by limited MMF integration and a relatively low unit-value position in many garment categories. A balanced strategy is to improve cotton competitiveness (yield and quality) while simultaneously expanding capability in blends and higher-value apparel categories, so cotton shortfalls do not translate into disproportionate export vulnerability.

Key uncertainties and where better data would change conclusions

The greatest uncertainties concern cotton quality metrics and cost structures. Without consistent public data on contamination and fibre quality, it is difficult to quantify how much of import dependence is driven by quality versus quantity. Similarly, without sector-specific unit labour cost data, the report cannot definitively decompose competitiveness gaps between labour cost, productivity, energy, and finance; it therefore uses policy and unit-value evidence as proxies. Finally, lead-time evidence is strongest on border compliance and process measures rather than end-to-end delivery distributions; more granular logistics data would materially improve scenario planning for fast-fashion and replenishment models.

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