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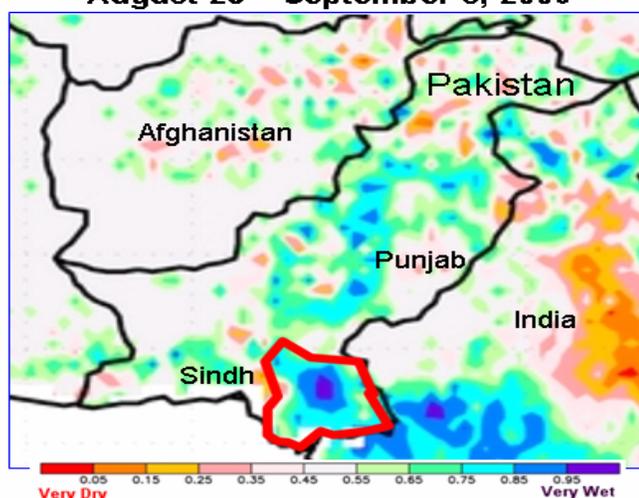
Pakistan Cotton Reduced by Heavy Rains

Pakistan's 2006/07 cotton production is forecast at 10.1 million bales, down 0.4 million from last month, but up 0.25 million from last year. Area is forecast at a record 3.25 million hectares, unchanged from last month, but up 0.15 million from last year. Area is estimated above last season because of favorable prices received by farmers in the 2005/06 season.

Cotton, predominantly a monsoon season crop, is planted from the end of April in the Sindh province and into July in Punjab, the largest producing province. The 2006/07 season had a good start, with near normal weather accompanied by a sufficient supply of inputs. Above normal rainfall at the end of August and early September is anticipated to have reduced yield. The heaviest rainfall fell in the Sindh province, resulting in flooding and highly saturated soil for over 2 weeks. Sindh accounts for 15 percent of the total Pakistan crop. Heavy rains in central Punjab may also lower production in this province. The province of Punjab accounts for approximately 85 percent of the cotton produced in Pakistan. September rainfall in the Punjab is frequently associated with higher pest pressure. A better assessment of the situation will be known by the end of September. Dry and sunny conditions are now needed throughout the cotton regions until harvest is completed.

(For more information, contact Jim Crutchfield, 202-690-0135.)

**Surface Wetness Anomalies – Pakistan
August 28 – September 3, 2006**



China's Soybean Output Revised Downward

China's 2006/07 soybean production is estimated at 16.2 million tons, down 0.5 million from last month and down 0.15 million from last year's revised output of 16.35 million tons. Soybean area is estimated at 9.3 million hectares, unchanged from last month, but down 0.3 million from last year. Chinese authorities reported that soybean area dropped in 2006 for several reasons, including higher production costs, lower prices, lower profits compared to competing crops, and government policies encouraging grain production. Most of the diverted land was planted to

corn or cash crops. The estimated yield of 1.74 tons per hectare is down 3 percent from last month, but up 2 percent from last year's revised yield of 1.7 tons per hectare. The revisions for 2005/06 are based on official Chinese government statistics.

Dry and cool spring weather delayed soybean planting in Northeast China, particularly in eastern Inner Mongolia and western Heilongjiang and Jilin. Widespread rain in late June eased the drought in the region. Periods of cool and rainy weather in July and August slowed crop progress, but satellite data indicates that overall vegetative growth was good. Below-normal temperatures (below 5⁰ C.) were reported this week in parts of northern Heilongjiang and Inner Mongolia, and farmers are concerned about possible yield losses from an early frost. The harvest in Heilongjiang normally starts in late September. On the North China Plain (NCP), dry weather in June delayed summer soybean planting and emergence, but abundant rainfall in July and August improved moisture conditions for crop development. Severe drought in the Sichuan province and recent heavy rainfall on the NCP may have caused localized crop losses. Several typhoons this summer caused only minor soybean damage in eastern and central China. (*For more information, contact Paulette Sandene at 202-690-0133.*)

Higher Cotton Yield in China

China's 2006/07 cotton crop is estimated at 28.0 million bales (6.096 million tons), up 0.5 million bales from last month and 1.8 million bales from last year. Estimated area for 2006/07 is unchanged this month at 5.3 million hectares. The forecast yield of 1,150 kilograms per hectare is up 2 percent from last month and last year. Record production is expected in Xinjiang due to higher estimated planted area and excellent forecast yields. Preliminary production estimates for Xinjiang range from 2.0 to 2.15 million tons, compared to 1.87 million tons in 2005/06. The weather has been generally favorable for cotton production in eastern China, particularly Shandong and Hubei provinces. Typhoons earlier in the summer damaged some crops in coastal areas but had a limited effect on cotton in the central Yangzte valley. Above-normal summer rainfall in Henan, Anhui, Jiangsu, and Hebei provided abundant moisture for crop development, but there have been reports of boll shedding, quality reductions, and outbreaks of diseases and pests due to wet weather in several areas. Drier weather in September and October is needed to prevent further crop damage. (*For more information, contact Paulette Sandene at 202-690-0133.*)

Australia Winter Grain Production Revised Down

The 2006/07 Australia wheat production is forecast at 19.5 million tons, down 2.0 million or 9 percent from last month and down 5.0 million tons or 20 percent from last year. The area forecast of 11.5 million hectares is unchanged from last month, but down 1.1 million or 9 percent from last year. The yield forecast is 1.70 tons per hectare. This yield is below the 5-year average, which includes the severe drought of 2002. Production forecasts for the two other major Australia winter grains also have been reduced. Barley and oats are now forecast at 7.5 million tons and 1.0 million tons, respectively.

Most winter grain areas recorded below average rainfall during the Australian summer. The opportunities for sowing diminished as the dry conditions persisted through the normal sowing

calendar, resulting in below average planted area for wheat and oats. South Australia, the major barley producer, experienced the most promising start of the season. Widespread May rainfall in Victoria allowed significant planting to occur on adequate soil moisture. Sowing was delayed in the wheat areas of New South Wales and southern Queensland until the second week of June, thereby allowing limited seeding operations to occur. Conditions across Western Australia's grain belt have been variable. September precipitation is critical for the Australian winter grains crop. This will be especially true this season, as most growing areas have marginal soil moisture available. This forecast assumes normal precipitation amounts for the month of September. (For more information, contact Jim Crutchfield, 202-690-0135.)

Heat and Dryness Strain Italy's Corn Crop

USDA estimates the 2006/07 Italian corn crop at 9.5 million tons, a 1.5 million ton reduction from last month. This year's production is estimated to be 0.3 million tons below last year's drought-reduced crop and 1.5 million tons below the 2004/05 record crop. Harvested area, down 50,000 hectares from last month, is estimated to be 50,000 hectares above last year but 100,000 hectares below the 2004/05 crop. Yield is forecast at 8.64 tons per hectare, well below last year's 9.33 tons per hectare and also below the 5-year average of 9.01 tons per hectare. Italy is typically the European Union's second largest corn producer (after France), with an average contribution of 21- percent of the total.

Dryness re-occurred in Italy for the second straight year. This year, rainfall patterns and amounts have been very similar to last season. During both years, adequate, early season moisture tapered off during the beginning of May, and significant rains didn't begin again until August. Last year's yields dropped to a "low" 9.33 tons per hectare. The period from May through July was also accompanied by much above-average temperatures, intensifying soil dryness, stressing vegetation, and increasing demands on limited irrigation supplies.

During 2006, cumulative seasonal precipitation in northern Italy's agricultural triangle is two-thirds of normal. Italy's corn crop is primarily (85-90 percent) concentrated in the Po River Valley watershed, in the country's north. Specifically, crops are most intensively irrigated on the north side of the Po River, because the more reliable sources of water are located in the Alps; hence, its tributaries drain from the north of Italy. The land on the southern bank of the Po River is crossed by less reliable and more torrential streams, originating in the lower and drier Apennine Mountains. Irrigation activities throughout Italy must vie for water that is also in high demand by the country's hydroelectric facilities.

The remainder of the crop is more rain-fed and dispersed throughout peninsular, central Italy and to a lesser extent in the country's south and on the Italian islands. Because of the extended periods of dryness in recent years, sunflower has been planted in lieu of corn in dry land areas of central Italy. Soybean crops, of relatively minor importance in Italy, compete with corn in the Po Valley. Farms in the Po Valley are very small, with fields averaging 10- 25 hectares, and with the largest averaging about 40-60 hectares. (For more information, contact Bryan Purcell, 202-690-0138.)

This report uses information from the Foreign Agricultural Service's (FAS) global network of agricultural attachés and counselors, official statistics of foreign governments and other foreign source materials, and the analysis of economic data and satellite imagery. Estimates of foreign area, yield, and production are from the Production Estimates and Crop Assessment Division, FAS, and are reviewed by USDA's Inter-Agency Commodity Estimates Committee. Estimates of U.S. area, yield, and production are from USDA's National Agricultural Statistics Service. Numbers within the report may not add to totals because of rounding. This report reflects official USDA estimates released in the World Agricultural Supply and Demand Estimates (WASDE-438), September 12, 2006.

Printed copies are available from the National Technical Information Service. Download an order form at http://www.ntis.gov/products/specialty/usda/fas_a-g.asp, or call NTIS at 1-800-363-2068.

The FAS Production Estimates and Crop Assessment Division prepared this report. The next issue of World Agricultural Production will be released after 9:00 a.m. Eastern Time, October 12, 2006.

Conversion Table

Metric tons to bushels

Wheat, soybeans	=	MT * 36.7437
Corn, sorghum, rye	=	MT * 39.36825
Barley	=	MT * 45.929625
Oats	=	MT * 68.894438

Metric tons to 480-lb bales

Cotton	=	MT * 4.592917
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Metric tons to hundredweight

Rice	=	MT * 22.04622
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Area & weight

1 hectare	=	2.471044 acres
1 kilogram	=	2.204622 pounds

For further information, contact:
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