

Weekly  
Publication of



**Cotton  
Association  
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Regd.No.MH/MR/EAST/96/2009-11

Registered with the Registrar of Newspapers for India under R.No.18844/69

Published every Tuesday

Price: Rs.60 per copy

# Cotton Statistics And News

2013 \* No. 3 \* 16/04/2013

Edited & Published by Amar Singh

## **2012-13 Season Began with a Record Stock of Cotton - ICAC**

According to the April 1st release of the International Cotton Advisory Committee (ICAC), the 2012-13 season began with a record stock of 14.1 million tons (mt) of cotton and the Cotlook A Index at 81.65 cents (USC) per pound. In March 2013, the A Index rose to 98.85 USC per pound on the 18th before receding to 93.15 USC per pound on 26th March. The 2012-13 average as of April 1 is 85.54 USC per pound. The recent surge in cotton prices may be due to concerns about a tightening supply-demand balance outside of China as China continues to build reserves, states the ICAC. In 2012-13, world production, estimated at 26 mt is down five percent from the record 27.4 mt in 2011-12 and 2.6 mt above expected consumption. The estimated record 71 percent stocks-to-use ratio is not indicative of the supply available to the market because 2012-13 global ending stocks are expected to be approximately split evenly between China and the rest of the world, which translates to a 98 percent stocks-to-use ratio for China but merely 31 percent for the rest of the world, clarifies the ICAC.

ICAC states that the United States used to be the largest cotton exporter to China and U.S. shipments increased from 50,000 tons in 2001-02 to 1.3 million tons in 2011-12. Last season, India overtook the United States, exporting 1.94 mt of cotton to China. However, midway through this season, Australia has surpassed both India and the US, exporting 5,77,867 tons of cotton into China, a 32 percent increase year-on-year. Compared with the same period last season, US exports to China increased by 41 percent to 5,72,216 tons while Indian exports dropped by 54 percent to 5,34,056 tons, and Brazilian and Uzbek exports to China remained stable at 2,84,516 tons, and 1,88,934 tons respectively.

The ICAC adds that for the past five seasons, African countries contributed, on an average, 10 percent of

total exports to China. In 2011-12, Africa exported a total of 4,82,749 tons of cotton to China. The top three exporting countries, it is stated, were Burkina Faso, Cameroon, and Benin, with exports at 1,13,207 tons, 60,281 tons, and 57,119 tons respectively. During the first seven months of the current season, Mali, Zambia, and Zimbabwe exported 58,304 tons, 36,374 tons, and 29,773 tons, respectively, of cotton to China, states the ICAC.

In its monthly communique, it has been observed by the ICAC Secretariat that following record abandonment of 36 percent of planted area due to severe drought in 2011-12, US cotton production is expected to rebound from 3.4 million tons to 3.7 million tons in 2012-13. On the other hand, the forecast 10 percent reduction in planted area in China is expected to decrease cotton production slightly from 7.4 million tons in 2011-12 to 7.3 million tons this season, the increase in production in the Xinjiang region as a result of increase in the planted area and yield is expected to offset reductions in the eastern production regions. Similarly, the estimated 3 percent reduction in planted area in India is expected to decrease cotton production from 6 million tons to 5.6 million tons.

The world cotton demand and supply, as drawn up by the ICAC, is given below.

	( in mt)		
	2011-12	2012-13	2013-14
Beginning Stock	9.58	14.08	16.69
Production	27.44	26.01	23.47
Supply	37.02	40.09	40.16
Consumption	22.78	23.41	23.75
Exports	9.99	8.74	9.13
Ending Stocks	14.08	16.69	16.44

(Source: ICAC Monthly - 01.04.2013)

## Tanzania Considering the Use of Biotech Cotton

In an attempt to boost the yields and incomes of its cotton growers, the head of Tanzania's Ministry for Water and Irrigation is encouraging further investigation into the safety of using genetically modified cotton seed.

According to the Tanzania Daily News, Professor Jumanne Maghembe made the comments during a panel discussion at the Africa Green Revolution Forum, which focuses on the application of technology in agriculture. The use of biotech cotton holds even greater potential for growers in Tanzania than it does in most other countries because as much as 40% of the country's population derives their livelihood from cotton, directly or indirectly.

There is also vicious competition in the cotton buying community, which tends to drive prices up. While that's good news for growers, the abundance of buyers also means that even low-quality cotton is in high demand. That, combined with a low-quality seed market, has resulted in poor yields, especially in non-irrigated areas.

While the industry faces a number of challenges, help for the Tanzanian cotton industry is on the way. A new variety, UK M08, is expected to

improve yields when it is introduced in 2015, and the Tanzanian Cotton Board has been working tirelessly to develop a contract farming system to connect ginners and growers directly via the formation of farmer business groups.


(Source: Cotton 24/7 - 10.04.2013)

## Export Target may be Missed

India's ambitious target of reaching \$500 billion in exports by 2013-14 fiscal is unlikely to be met due to weak demand in global markets such as US and Europe. During April-February 2012-13, India's exports declined by four percent to \$265.95 billion. Imports during the 11-month period grew by a mere 0.25 percent to \$448 billion, leaving a trade deficit of \$182.1 billion. India's exports are expected to be about \$306 billion, and the trade deficit is likely to widen between \$193 billion and \$196 billion in the last fiscal. Even a World Trade Organisation (WTO) has projected a sluggish world trade growth of only 3.3 percent in 2013 as the economic slowdown in Europe continues to suppress demand for imports in the economically troubled continent.

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**Since 1921,  
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The Cotton Association of India (CAI) is respected as the chief trade body in the marketing of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, ensuring Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization promoting professionalism and reliability in cotton testing.

The CAI's network of independent cotton testing & research is strategically spread across major cotton centres in India and is equipped with:

- State-of-the-art technology & world-class Premier testing machines
- 100 test rooms with strict 24x7 quality control
- Certificate of accreditation from NABL (National Accreditation Board for Testing and Calibration Laboratories) and accreditation in accordance with the standard ISO/IEC 17025:2005 at the Mumbai facility

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**SUPPLY AND DISTRIBUTION OF COTTON****April 01, 2013**

Seasons begin on August 1	Million Metric Tons					
	2008/09	2009/10	2010/11	2011/12 Est.	2012/13 Proj.	2013/14 Proj.
<b>BEGINNING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>12.257</b>	<b>11.942</b>	<b>8.676</b>	<b>9.580</b>	<b>14.081</b>	<b>16.686</b>
China (Mainland)	3.321	3.585	2.688	2.087	6.181	8.339
USA	2.188	1.380	0.642	0.566	0.729	0.918
<b>PRODUCTION*</b>						
<b>WORLD TOTAL</b>	<b>23.503</b>	<b>22.247</b>	<b>25.368</b>	<b>27.444</b>	<b>26.013</b>	<b>23.467</b>
China (Mainland)	8.025	6.925	6.400	7.400	7.300	6.700
India	4.930	5.185	5.865	6.001	5.610	5.594
USA	2.790	2.654	3.942	3.391	3.703	2.534
Brazil	1.214	1.194	1.960	1.877	1.443	2.054
Pakistan	1.926	2.070	1.907	2.294	2.093	1.219
Uzbekistan	1.000	0.850	0.910	0.880	1.000	1.000
Others	3.617	3.369	4.385	5.601	5.007	4.366
<b>CONSUMPTION*</b>						
<b>WORLD TOTAL</b>	<b>23.862</b>	<b>25.520</b>	<b>24.502</b>	<b>22.783</b>	<b>23.408</b>	<b>23.713</b>
China (Mainland)	9.265	10.192	9.580	8.635	8.290	7.785
India	3.872	4.300	4.509	4.358	4.707	5.177
Pakistan	2.519	2.393	2.100	2.163	2.444	2.493
East Asia & Australia	1.714	1.892	1.796	1.646	1.835	1.888
Europe & Turkey	1.458	1.600	1.549	1.495	1.509	1.553
Brazil	1.000	1.024	0.958	0.888	0.897	0.897
USA	0.771	0.773	0.849	0.718	0.740	0.740
CIS	0.596	0.604	0.577	0.576	0.602	0.624
Others	2.666	2.743	2.583	2.303	2.384	2.465
<b>EXPORTS</b>						
<b>WORLD TOTAL</b>	<b>6.609</b>	<b>7.798</b>	<b>7.636</b>	<b>9.994</b>	<b>8.744</b>	<b>8.127</b>
USA	2.887	2.621	3.130	2.526	2.776	2.333
India	0.515	1.420	1.085	2.410	0.878	0.781
Brazil	0.596	0.433	0.435	1.043	0.850	0.643
Australia	0.261	0.460	0.545	1.010	1.100	0.738
CFA Zone	0.469	0.560	0.476	0.592	0.825	0.970
Uzbekistan	0.650	0.820	0.600	0.550	0.572	0.917
<b>IMPORTS</b>						
<b>WORLD TOTAL</b>	<b>6.647</b>	<b>7.928</b>	<b>7.725</b>	<b>9.821</b>	<b>8.744</b>	<b>8.127</b>
China	1.523	2.374	2.609	5.342	3.167	2.303
East Asia & Australia	1.714	1.989	1.825	1.999	2.249	2.127
Europe & Turkey	0.862	1.170	0.972	0.710	1.012	1.162
Pakistan	0.417	0.342	0.314	0.191	0.410	0.540
CIS	0.231	0.209	0.132	0.129	0.102	0.602
<b>TRADE IMBALANCE 1/</b>	<b>0.038</b>	<b>0.130</b>	<b>0.089</b>	<b>-0.173</b>	<b>0.000</b>	<b>0.000</b>
<b>STOCK ADJUSTMENT 2/</b>	<b>0.007</b>	<b>-0.122</b>	<b>-0.051</b>	<b>0.013</b>	<b>0.000</b>	<b>0.000</b>
<b>ENDING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>11.942</b>	<b>8.676</b>	<b>9.580</b>	<b>14.081</b>	<b>16.686</b>	<b>16.441</b>
China (Mainland)	3.585	2.688	2.087	6.181	8.339	9.447
USA	1.380	0.642	0.566	0.729	0.918	0.379
<b>ENDING STOCKS/MILL USE (%)</b>						
<b>WORLD-LESS-CHINA(M) 3/</b>	<b>57</b>	<b>39</b>	<b>50</b>	<b>56</b>	<b>55</b>	<b>44</b>
<b>CHINA (MAINLAND) 4/</b>	<b>39</b>	<b>26</b>	<b>22</b>	<b>72</b>	<b>101</b>	<b>120</b>
<b>Cotlook A Index 5/</b>	<b>61.20</b>	<b>77.54</b>	<b>164.26</b>	<b>100.01</b>	<b>90*</b>	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting period and measurement error account for difference between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China's ending stocks divided by World-less-China's mill use, multiplied by 100.

4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S. Cents per pound

\* The price projection for 2012/13 is based on the ending stock/mill use ratio in the world-less-China in 2010/11 (estimate), in 2011/12(estimate) and in 2012/13(projection), on the ratio of Chinese net imports to world imports in 2011/12(estimate) and 2012/13(projection), and on the average price for the first eight months of 2012/13.

95% confidence interval:82 to 100 cents per pound

(Source : ICAC Monthly April 2013)

<b>UPCOUNTRY SPOT RATES</b> (Rs./Qtl)												
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]							Spot Rate (Upcountry) 2012-13 Crop April 2013					
Sr. No.	Growth Standard	Grade /GPT	Grade	Staple	Micronaire	Strength	8th	9th	10th	11th	12th	13th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 - 7.0	15	9617 (34200)	9617 (34200)	9617 (34200)	H	9617 (34200)	9673 (34400)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 - 7.0	15	9870 (35100)	9870 (35100)	9870 (35100)		9870 (35100)	9926 (35300)
3	GUJ	ICS-102	Fine	22mm	4.0 - 6.0	20	8014 (28500)	8014 (28500)	8070 (28700)		8070 (28700)	8070 (28700)
4	KAR	ICS-103	Fine	23mm	4.0 - 5.5	21	9082 (32300)	9082 (32300)	9082 (32300)	O	9082 (32300)	9082 (32300)
5	M/M	ICS-104	Fine	24mm	4.0 - 5.5	23	9758 (34700)	9758 (34700)	9898 (35200)		9842 (35000)	9842 (35000)
6	P/H/R	ICS-202	Fine	26mm	3.5 - 4.9	26	10545 (37500)	10545 (37500)	10545 (37500)		10489 (37300)	10432 (37100)
7	M/M/A	ICS-105	Fine	26mm	3.0 - 3.4	25	10179 (36200)	10179 (36200)	10264 (36500)	L	10208 (36300)	10208 (36300)
8	M/M/A	ICS-105	Fine	26mm	3.5 - 4.9	25	N.Q.	N.Q.	N.Q.		N.Q.	N.Q.
9	P/H/R	ICS-105	Fine	27mm	3.5 - 4.9	26	10657 (37900)	10657 (37900)	10686 (38000)		10629 (37800)	10573 (37600)
10	M/M/A	ICS-105	Fine	27mm	3.0 - 3.4	26	10292 (36600)	10292 (36600)	10348 (36800)		10292 (36600)	10320 (36700)
11	M/M/A	ICS-105	Fine	27mm	3.5 - 4.9	26	10376 (36900)	10376 (36900)	10461 (37200)	I	10461 (37200)	10489 (37300)
12	P/H/R	ICS-105	Fine	28mm	3.5 - 4.9	27	10770 (38300)	10770 (38300)	10798 (38400)		10179 (38200)	10686 (38000)
13	M/M/A	ICS-105	Fine	28mm	3.5 - 4.9	27	10742 (38200)	10742 (38200)	10798 (38400)		10798 (38400)	10826 (38500)
14	GUJ	ICS-105	Fine	28mm	3.5 - 4.9	27	10798 (38400)	10798 (38400)	10854 (38600)	D	10798 (38400)	10798 (38400)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 - 4.9	28	10854 (38600)	10854 (38600)	10911 (38800)		10882 (38700)	10911 (38800)
16	GUJ	ICS-105	Fine	29mm	3.5 - 4.9	28	10910 (38800)	10910 (38800)	10967 (39000)		10939 (38900)	10939 (38900)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 - 4.9	29	11051 (39300)	11051 (39300)	11107 (39500)	A	11107 (39500)	11135 (39600)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 - 4.9	30	11276 (40100)	11276 (40100)	11360 (40400)		11360 (40400)	11360 (40400)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 - 4.9	31	11557 (41100)	11557 (41100)	11642 (41400)		11642 (41400)	11642 (41400)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	14004 (49800)	14004 (49800)	14060 (50000)	Y	14060 (50000)	14060 (50000)

(Note: Figures in bracket indicate prices in Rs./Candy) N.Q. = Not Quoted