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Cotton Association of India

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Cotton Statistics And News

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Statement of ICAC's 68th Plenary Meeting

The 68th Plenary Meeting of the International Cotton Advisory Committee (ICAC) was held in Cape Town, South Africa, from September 7 to 11, 2009. The theme of the Meeting was the "Role of Cotton in Economic Development and Ensuring Food Security During a Period of Global Economic Crisis". The Meeting coincided with the year which has been declared as the International Year of Natural Fibres by the United Nations General Assembly, recognising the contributions of natural fibre industries to the economies of almost all countries, the role of natural fibres in supporting the incomes of hundreds of million of people, and the benefits of natural fibres to consumers and the environment. Three hundred sixty five people attended the Meeting, including representatives from 39 governments and 10 international organisations. Some of the highlights of the statement are given below :

World cotton consumption fell 12 per cent in the season ended July 31, 2009, the largest year-to-year percentage decline since atleast the 1920s. The decline was considered to be a direct result of the global financial crisis. It was, however, noted that world cotton use is expected to rise modestly during the current season, assuming a gradual improvement in world economic growth. Cotton prices were extraordinarily volatile during 2008-09 and the average level of prices fell. Assuming more normal economic conditions, price volatility may moderate during 2009-10 but the average level of world cotton prices is not forecast to increase significantly. Cotton industry is becoming increasingly resource-constrained and the ICAC encourages research and adoption of new practices promoting productivity.

The Committee noted that food security begins with income security and that cash income earned from cotton production allows farmer households, especially in arid and semi-arid areas where food crops are difficult to produce, to pay for food, health care and other necessities that would not otherwise be available. Cotton contributes to food security by providing the means to finance inputs and by enhancing soil fertility and retarding the development of pests and diseases in properly-managed crop rotation systems involving cotton and other crops. In order for cotton to perform its role as a catalyst for economic development and contribute to food security, farmers must have access to quality inputs, credit, appropriate technologies and assured markets.

Disruptions in inputs supply, low levels of technology adoption and weak marketing systems result in lower returns to growers which, together with delayed payments, are the major impediments to small holder cotton production which is dependent on the quality of training received by extension agents and farmers. In most cases, farmer field schools combined with demonstration plots are the most effective form of communication with small holders. The Committee recommended that agriculture research and extension should receive increases in public sector support. A proposal made by some members of ICAC for creation of an international research centre for cotton has been supported and is to be pursued by the Standing Committee.

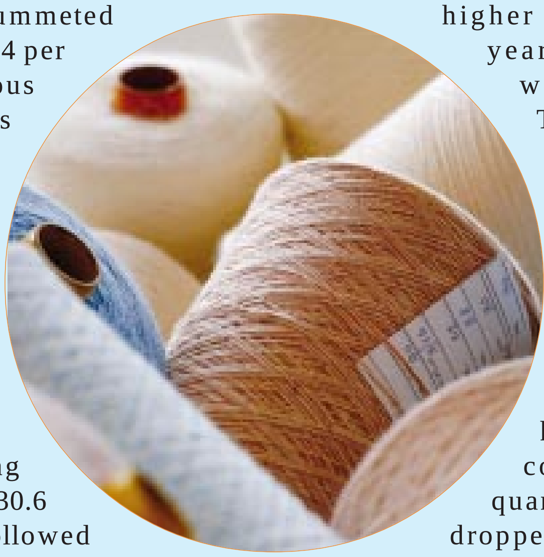
With the increases in prices of oilseeds since 2006, by-products of cotton like seed and stalks now deserve greater attention. New research is expected to facilitate an increased use of cottonseed for human consumption, further expanding the range of uses and value of cottonseed. It was noted that a recent project funded by the Common Fund for Commodities has developed high quality particle boards from cotton stalks.

The Committee reaffirmed the urgent necessity for an ambitious and balanced conclusion to the Doha Round with development as its centrepiece. It welcomed the recent impetus to the Doha Round resulting from the initiative by the Government of India to convene a WTO Mini-Ministerial. The Committee also urged all countries to resist protectionist measures in response to the current economic crisis. It was noted that more than 80 per cent of world cotton production had received support from Governments in 2008-09, the aggregate value of support more than doubling to approximately $ 6 billion. These subsidies were considered to distort the world cotton economy, and many countries urged their immediate elimination. The Committee also reaffirmed its support for the position that cotton was a test of the development dimension of the Doha Round and that there will be no conclusion to it without a resolution of the cotton question.

At a Technical Seminar on Biosafety Regulations, Implementation and Consumer Acceptance, it was estimated that more than half the world cotton area was planted to biotech varieties in 2008-09. No new trait has, however, been commercialised after the adoption of herbicide tolerant and insect resistant cotton almost 15 years ago, but the benefits of existing traits are spreading to more countries and farmers. Countries that have commercialised crops of biotech cotton must have systems to conduct science-based case-by-case assessments of the potential risks to humans or the environment and the long term sustainability of the technology. As biotech cotton advances beyond agronomic traits, the current regulatory systems will be challenged to meet the new demands.

Global Yarn and Fabric Production Declines During Q-1 of 2009

The International Textile Manufacturers Federation (ITMF) in its latest State of Trade Report states that both global yarn and fabric production fell during the 1st quarter of 2009 due to lower output in all regions - World yarn production is said to have plummeted during the first quarter by 14.4 per cent compared to the previous quarter, with all regions recording lower production levels. South America's production fell by 26.8 per cent, Asia's by 14.5 per cent, Europe's by 8.5 per cent and North America's by 6.3 per cent. On a year to year basis, global yarn production was down 4.3 per cent, with all regions recording declines. The steepest fall of 30.6 per cent was in N. America, followed by Europe with 24.1 per cent, South America with 20.6 per cent and Asia by a marginal 1.6 per cent.



Global yarn inventories are said to have declined by 1.5 per cent in the first quarter of 2009 compared to the previous quarter due to stocks in Asia being lower by 2.9 per cent and in Europe by 0.5 per cent. Despite 8.8 per cent higher stocks in South America, year-on-year stocks also fell world-wide by 1.7 per cent. The maximum shrinkage of 6.3 per cent was in South America followed by 2.3 per cent in Asia, whereas Europe's stocks increased slightly by 0.5 per cent.

World-wide fabric production is also stated to have shrunk by 8.3 per cent compared to the fourth quarter of 2008. Europe's output dropped by 13.8 per cent, Asia's by 8.4 per cent and North America's by 6.9 per cent, while output in South America remained unchanged.

Data on Area, Production, Yield and Consumption of Cotton for the Period from 1991-92 season onwards

Cotton Year	Area in Lakh Hectares	Cotton prodn. In lakh bales of 170 kgs each	Production in 000's tones (mn.kg.)	Cotton yield in kg/Hectare	Cotton Consumption in lakh bales of 170 kg. each (mill + non-Mill +small spinning)
1991-1992	76.01	119.00	2023.00	266.14	111.09
1992-1993	75.41	138.00	2346.00	311.00	125.01
1993-1994	74.40	121.50	2065.00	278.00	127.00
1994-1995	78.61	138.50	2354.50	300.00	135.00
1995-1996	90.63	170.70	2901.90	320.00	154.29
1996-1997	91.66	177.90	3004.30	330.00	170.16
1997-1998	88.29	158.00	2686.00	307.00	159.01
1998-1999	92.87	165.00	2805.00	302.00	165.36
1999-2000	87.31	156.00	2652.00	304.00	173.36
2000-2001	85.76	140.00	2380.00	277.52	173.03
2001-2002	87.30	158.00	2686.00	307.67	171.76
2002-2003	76.67	136.00	2312.00	301.55	168.83
2003-2004	76.30	179.00	3043.00	398.82	177.10
2004-2005	87.86	243.00	4131.00	470.11	195.03
2005-2006	86.77	241.00	4097.00	472.17	217.00
2006-2007	91.44	280.00	4760.00	520.56	232.03
2007-08 (as per CAB 29/08/2009)	94.14	307.00	5219.00	554.39	236.88
2008-09 (as per CAB 29.08.2009)	94.06	290.00	4930.00	524.13	229.00

Source: ***Office of the Textile Commissioner***

SNIPPETS

In a recent survey for the first quarter of 2009-10 conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI), a majority of the companies surveyed is reported to have indicated that Corporate India's confidence on the state of economy is on an upswing, agreeing that the Government stimulus has spurred economic activities. The business confidence index for April-June period is said to have moved up to 67.2 from 64.1 in the last quarter of 2008-09. With regard to expectations about the overall economic conditions, close to 73 per cent of the companies surveyed, seems to have felt that things would improve in the coming six months. However, lower monsoon rains, it is feared, may be a dampener for the growth of the economy.

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The Centre is reported to have allocated Rs. 1,473 crore to the Cotton Corporation of India (CCI) to compensate for the losses incurred due to procurement of cotton at the minimum support prices (MSP) from farmers. The CCI is stated to have procured about 90 lakh bales from farmers in 2008-09 while approximately the same quantity is expected to be procured in 2009-10.

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The preliminary estimates of the State Agriculture Department have reportedly indicated that although there is an 11.2 per cent rise in area, cotton production in Maharashtra may be down by about 7.3 per cent in 2009-10 owing to lower productivity compared to 2008-09. The yields are said to have been affected by delayed rains and late sowing and pest attack in some tracts of the State. The crop in the northern districts of Jalgaon and Dhule appears to have been affected by soil moisture stress during the flowering stage while in a few other tracts productivity seems to have suffered due to diseases like read leaf. During 2008-09, the average yield was 335 kg per hectare in Maharashtra.

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UPCOUNTRY SPOT RATES

(Rs./Candy)

Official quotations for standard descriptions with basic grade and staple in Millimetres based on Upper Half mean Length under By-law 66 (A)(a)(4)						SPOT RATES (UPCOUNTRY) 2008-09 CROP September 2009					
						19th	21st	22nd	23rd	24th	25th
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0	15	22900		22900	22900	22900	22900
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0	15	23400	M	23400	23400	23400	23400
03.	ICS-102	22mm	V-797	4.5-5.9	19	18000	A	18000	18000	18000	18000
04.	ICS-103	23mm	Jayadhar	4.0-5.5	19	18000	R	18000	18000	18000	18000
05.	ICS-104	24mm	Y-1	4.0-5.5	20	21200	K	21200	21200	21200	21200
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9	23	21200	E	21200	21200	21200	21200
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	20900	T	20900	20900	20900	20900
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	21000		21000	21000	21000	21000
09.	ICS-105	28mm	H-4 / MECH-1	3.5-4.9	25	21600	C L	21600	21600	21600	21600
10.	ICS-105	29mm	S-6	3.5-4.9	26	22200	O	22200	22400	22400	22400
11.	ICS-105	31mm	Bunny / Brahma	3.5-4.9	27	22900	S E	22900	22900	22900	22900
12.	ICS-106	33mm	MCU-5 / Surabhi	3.3-4.5	28	23700	D	23700	23700	23700	23700
13.	ICS-107	35mm	DCH-32	2.8-3 .6	31	32900		32900	32900	32900	32900
14.	ICS-301	26mm	ICC	3.7-4.3	25	22200		22200	22200	22200	22200