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Statement of the 69th Plenary Meeting of ICAC

The 69th Plenary Meeting of the International Cotton Advisory Committee (ICAC) was held in Lubbock, Texas, USA from September 21 to 25, 2010. The theme of the Plenary was 'Cotton Industry through Global Unity'. Excerpts from the Statement issued by the ICAC on the Plenary are reproduced below.

The Secretariat reported that world cotton production is expected to rise by 16% in 2010/11, encouraged by the significant rise in cotton prices during the past year. Cotton mill use is also recovering from the steep decline during the global recession, and world cotton trade is rising with increased consumption. The Secretariat estimated that average cotton prices during the current season would be at their highest level since 1994/95. However, the Secretariat cautioned that preliminary forecasts for next season (2011/12) suggest that stocks could rise, indicating an eventual decline in cotton prices.

The Committee noted that some countries were particularly concerned with the risks posed by price volatility to producers, ginneries, traders and textile mills, and recommends that price issues should continue to be the focus of ICAC surveillance, and data collection. The Committee recognized the need to enhance dialogue between cotton producers and cotton consumers to improve cotton market data, and transparency.

The ICAC supported the UN definition of sustainability as development that meets the needs of the present without compromising the ability of future generations to meet their needs. Member governments recognized that cotton

producers have made great strides in improving the environmental and social dimensions of sustainability over the last two decades through the use of new technologies and improved management practices.

The Committee received a report from its Expert Panel on Social, Environmental and Economic Performance of Cotton Production (SEEP) on pesticide use in cotton, which is a common concern whenever the theme of sustainability of cotton cultivation is discussed. According to SEEP, even though world production increased, cotton's share by value of global pesticide consumption declined from 11% in 1988 to 6.2% in 2009. SEEP developed eight recommendations, and all of them pesticide use in cotton were accepted by the ICAC:

In addition, the Committee strongly affirmed that SEEP should continue and extend studies to interested cotton producing countries.

The Committee received a report from its Private Sector Advisory Panel (PSAP) about phytosanitary requirements for cotton moving in international trade. The Committee agreed with the PSAP that the Secretariat should provide additional information on phytosanitary requirements for trade in cotton. The Committee instructed its Secretariat to work with the Standing Committee to encourage all countries to adopt harmonized phytosanitary requirements for trade in cotton.

In addition, the PSAP reported that it appreciates all initiatives intended to improve cotton

production practices. However, the PSAP expressed concerns about some retailers and others in the value chain using programs designed to improve production practices as tools of public relations for competitive advantage. The Committee instructed its Secretariat to compile a glossary of terms and a roster of participants in the many and various programs and initiatives working for improvements in cotton production practices.

The Committee noted that “sustainable” production and “organic” production are not synonymous, and many cotton production systems ranging from those that are highly capital intensive to those that are highly labour intensive can be sustainable. Organic production is one option for sustainable production.

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Governments took note that many of the emerging technologies that will influence the structure of the world cotton industry are expensive to develop. Several Members of the ICAC voiced support for the creation of an International Centre for Cotton Research (ICCR) during the 68th Plenary Meeting in 2009. Many governments still consider that an ICCR could lower the cost through innovative technologies and speed up the development in cotton research. The ICCR could expand the adoption of cotton technology through greater coordination of

efforts. The Committee noted that the Standing Committee is to prepare a report for consideration at the next Plenary Meeting.

The ICAC was informed that the use of the term “natural fiber” by the cotton industry has been challenged because of the employment of genetic engineering in over half of all cotton produced. The ICAC agrees that the fiber produced from cotton plants is a “natural fiber,” regardless of production methodology or seed technology.

The Secretariat reported that subsidies to the cotton industry totalled US\$3.5 billion in 2009/10, down from US\$6.2 billion in 2008/09. Seven countries provided subsidies in 2009/10 averaging 13 cents per pound, down from nine countries providing an average of 14 cents per pound in 2008/09. The Secretariat noted that these subsidies distort the world cotton economy, and many countries urged immediate elimination. The report was limited to direct support to production, border protection, crop insurance subsidies, minimum support price mechanisms and export subsidies.

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The Committee agreed that countries need to avoid the use of protectionist measures in a closely integrated cotton economy. Members of the ICAC understand that such measures lead to uncertainty, volatility, and distortions to cotton trade.

(Source : ICAC Statement)

Expansion of Cotton Testing Services

In order to cater to the growing need of instrument based testing of Indian cotton sector, the Association has decided to set up state-of-art testing facilities of international standard in all cotton growing States of the Country.

Last year, the Association had set up two new laboratories - one in Aurangabad and the other in Akola district of Maharashtra State. Now, the Association is in advanced stage of setting up further two laboratories one in Indore (Madhya Pradesh) and other in Warangal (Andhra Pradesh).

With the above installations, number of High Volume Instrument testing equipments installed by the Association in four different States viz.

Maharashtra, Gujarat, Madhya Pradesh and Andhra Pradesh would be seven.

The Association has an ultimate aim of making the testing results of its laboratories a seal of approval. Towards this end, the Association, apart from installation of most modern testing facilities, strives to improve the processes and practices being followed at its laboratories to provide accurate testing results on a consistent basis.

A special concession in testing charges and volume based discounts are available to the CAI members.

The following are the revised testing charges at the CAI’s laboratories effective from 1st October 2010:

Fees for Testing

Particulars	Fees in Rupees (inclusive of Service Tax)		For 500 samples and above but less than 750 samples	Rs.90 per sample	Rs.100 per sample
	Member	Non Member			
HVI Test	100	110			
Micronaire Test	50	55	For 750 samples and above but less than 1000 samples	Rs.85 per sample	Rs.95 per sample
Colour Grade on HVI	50	55			
Gravemetric Trash Test on HVI	50	55			
Moisture	50	55			
Grading (Manual Classing)	200	225	For 1000 samples and above	Rs.80 per sample	Rs.90 per sample

Volume based Discounts

Volume of Testing	Testing Fees per sample (inclusive of Service Tax) payable in advance	
	Member	Non Member
For 250 samples and above but less than 500 samples	Rs.95 per sample	Rs.105 per sample

The entire fees under the above volume based discount scheme is payable in advance and the volumes under the same can be exhausted during the period of two years.

Parties can avail the benefit of testing of cotton at multiple laboratories of the Associations against the advance payments made by them.

CONSUMPTION OF COTTON BY TEXTILE MILLS (COTTON YEAR – WISE)

Months	(lakh bales)									
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 (P)	2009-10 (P)
NON SSI										
October	12.00	11.83	12.45	10.92	12.97	13.97	15.74	16.40	14.93	16.61
November	12.45	11.48	11.69	11.90	12.49	13.60	16.15	15.20	15.26	16.78
December	12.93	12.54	12.62	12.97	13.83	14.75	16.74	16.91	16.23	17.65
January	12.58	12.54	12.38	12.95	13.16	14.84	16.52	16.69	15.43	17.47
February	11.74	11.71	11.41	12.44	12.77	13.80	15.41	16.33	14.66	16.71
March	12.90	12.37	12.21	13.04	13.75	15.49	16.56	16.59	15.74	17.60
April	12.41	12.25	11.71	12.52	13.60	14.87	16.29	16.18	15.45	17.53
May	12.64	12.32	12.37	12.75	14.05	15.30	16.08	17.05	16.12	17.86
June	12.50	12.16	11.40	12.61	13.89	15.17	16.07	16.66	16.27	18.05
July	12.76	12.76	11.80	12.94	14.04	15.78	16.52	16.63	17.26	
August	12.40	12.65	11.31	12.86	15.73	16.30	16.70	15.88	16.91	
September	12.05	12.39	11.07	12.49	13.70	16.23	16.13	15.15	16.68	
TOTAL										156.26
(Oct-Sept)	149.36	147.00	142.42	150.39	163.98	180.10	194.91	195.67	190.94	(140.09)
SSI Units	10.97*	11.70	11.63	12.99	16.57	18.85	21.27	22.08	20.21	15.89
Non - Mill Consumption	12.70	13.06	14.78	13.71	14.40	20.00	15.88	19.13	19.00	20.00(P)
Consumption	173.03	171.76	168.83	177.09	195.03	218.95	232.03	236.88	230.15	192.15
Cotton Production	140.00	158.00	136.00	179.00	243.00	241.00	280.00	307.00	290.00	295.00(P)

Note : Figures in the bracket indicate the corresponding figure of the previous year

P = Provisional

Source: Office of the Textile Commissioner

SNIPPETS

Arrivals in the new cotton crop are slowly picking up in different States, especially in Punjab, Gujarat, Maharashtra, Madhya Pradesh and Andhra Pradesh. According to Cotton Corporation of India, cotton arrivals as on 16th October 2010 stood at 7.25 lakh bales, about 4.8 percent lower than the arrivals of 7.60 lakh bales by the same period last year. The maximum arrivals were in Maharashtra at 1.20 lakh bales, about 1.05 lakh bales more than the same period last year. As compared to last year, arrivals are said to have been lower in northern and Southern States.



Exports of Cotton Textiles during 2009-10 touched a high of \$5644.3 million marking a growth of 11 percent in dollar terms and 13.9 percent in rupee terms over the previous year, says a report. Exports of cotton yarn are stated to have posted a growth of six percent in terms of quantity from 553.6 million kg during 2008-09 to 586.8 million kg during 2009-10. The

increase amounted to 10.5 percent in rupee terms and 8 percent in dollar terms.



The Country's industrial growth which had shown a strong revival in recent months, reportedly suffered a blow with the growth plunging to 5.6 percent in August from 15.2 percent in July. The drop is stated to have been caused mainly by a fall in the output of capital goods and consumer non-durables such as food items and toiletries.



According to the office of the Textile Commissioner, new funds amounting to Rs.590 crore were released to lending agencies under the Technology Upgradation Fund Scheme (TUFs) during September. This is the first release since June, when the Scheme was suspended pending the allocation of new funds by the Government.



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) 2009-10 CROP					
						October 2010					
						16 th	18 th	19 th	20 th	21 st	22 nd
03.	ICS-102	22mm	V-797	4.5-5.9	19	26000	26000	25500	25200	25200	25200
04.	ICS-103	23mm	Jayadhar	4.0-5	19	26500	27000	27000	27000	27000	27000
05.	ICS-104	24mm	Y-1	4.0-5.5	20	31000	31000	31000	32500	33500	33500
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	N.A.	N.A.	N.A.	N.A.	-	-
2010-11 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	27800	28200	27900	27900	27500	27500
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	28200	28600	28300	28300	27900	27900
06.	ICS-202	25mm	J-34	3.5-4.9	23	-	36000	35800	35500	35500	36000
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	-	-	-	-	36500	37000
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	40000	39800	40000	39500	39900	40400
10.	ICS-105	29mm	S-6	3.5-4.9	26	41000	40800	40600	40100	40400	40900
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	41000	41000	41000	40500	40900	41400
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	43000	43500	43500	43500	43500	44000
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	46000	47000	48000	48000	48000	48000