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Final Statement of 71st Plenary Meeting of ICAC - Some Highlights

The International Cotton Advisory Committee (ICAC) met in Interlaken, Switzerland, from October 7 to 11, 2012 for its 71st Plenary Meeting since the establishment in 1939. Participation is stated to have been nearly 400, including representatives from 46 governments and 14 international organizations. Approximately two-thirds of all participants were from private sectors of their countries, while one-third represented governments or international organisations. The theme of the Plenary Meeting was "Shaping sustainability in the cotton value chain". Some of the highlights in the Final Statement of the Plenary Meeting are mentioned below:

World cotton production is expected to decrease by 6 percent to 26 million tonnes (mt) in 2012-13, while mill use is expected to rise by 3 percent to 23 mt. After rising to a record in March 2011, cotton prices have declined significantly. Cotton consumption is forecast to remain below production during 2012-13, causing stocks to rise. International trade in cotton is expected to fall to 6 mt during the current season. Current prices for cotton, combined with rising prices for food crops, will likely reduce global cotton area in 2013-14.

The Committee emphasised that countries should develop accurate cotton supply and use estimates. It is important to reconcile these estimates in a national cotton balance sheet, to help decision making in the public and private sectors. Independence, reliability, transparency and timeliness, are essential factors to prepare national cotton statistics. Some countries face challenges in the collection of cotton data. In many countries,

cotton stocks are not estimated systematically. The ICAC recognized the necessity of regulating the collection of national cotton statistics, and timely publication. The involvement of the private sector in the design and implementation of these regulations has been found indispensable to their success.

The ICAC instructed its Secretariat to renew its price forecasting efforts and to organize forums in Washington and other locations to study cotton prices and to discuss appropriate government responses to near-term challenges facing the cotton market. The ICAC also noted that some countries that maintain Minimum Support Prices (MSPs), are concerned about the risks of increasing stocks posed by global prices falling below their MSPs.

According to analysts polyester now dominates the global fibre market, with cotton's share continuing to decline. It is expected that polyester fibre quality will go up further. The ICAC recognized the competition posed by polyester in the global fibre market and it instructed the Standing Committee to establish a working group of member countries to investigate these challenges, to reflect on the future of the global cotton industry, and to advise members of possible actions.

The ICAC noted that natural fibre industries would face strong competition from alternative fibres during the remainder of the current decade. It was agreed that efforts to communicate positive messages about cotton generically should be encouraged, including the work of the International Forum for Cotton Promotion (IFCP), and those

organizations that support various cotton production initiatives, including organic, Fairtrade, Cotton made in Africa. Promotion activities that send negative messages about alternative cotton production systems should be avoided.

The Committee agreed that those organizations promoting cotton production initiatives should work in cooperation with national systems and institutions. It instructed the Secretariat to form a Task Force on Cotton Identity Programmes in order to strengthen information about sustainability, to enhance cooperation, and to improve transparency and exchange experiences.

During the Plenary Meeting, Committee conducted a structured discussion about the meaning of sustainability in the cotton value chain. This included presentations from experts and reports from break-out panels. The Committee agreed that sustainable cotton value chains are those that are profitable, that meet the environment standards, and that contribute to strong and healthy communities. The Committee acknowledged that standards may vary from country to country. Sustainability was a journey, and that progress is best achieved through continuous improvement. Addressing sustainability is best undertaken through a "cradle to grave" approach and must include cotton agricultural production, cotton textile manufacturing, consumer use, and disposal phases.

The Committee voiced support for the World Trade Organisation (WTO) for its role in promoting openness and facilitating the rule of law in trade matters, for the Dispute Settlement Understanding and for its contributions to economic development.

ICAC members reiterated that cotton is an integral part of the Doha Development Agenda (DDA) and that there can be no successful conclusion of the DDA without an agreement on cotton. The Committee acknowledged the specific request for an end to direct subsidies that distort production and trade in cotton. The Committee urged the government to honour their WTO commitments regarding subsidies in sectors that compete with cotton.

The Committee's Private Sector Advisory Panel (PSAP) is stated to have reported that contract enforcement underpins profitability and the Committee endorsed this principle. It was recognized that enforcement of the rule of law is a fundamental role of governments. The PSAP urged governments to support the underlying principles of good trading practices and enforcement of arbitral awards. The PSAP further urged governments to facilitate the observance of contract sanctity by ensuring that contract enforcement in courts is efficient and objective. The PSAP urged governments to exclude firms who have defaulted on either domestic or international obligations from eligibility in programmes funded by governments, such as low interest loans for textile machinery purchases, programmes to support cotton production, import quotas for textile and apparel products, and other programmes with public purpose.

The Committee has accepted an invitation from the Government of Colombia to host the 72nd Plenary Meeting during September 29 to October 4, 2013 in the city of Cartagena.

(Source: ICAC Release)

Economic Instability Impacts Egypt's Cotton Sales

Egypt's cotton exports for March-May 2012 decreased by 26.8 percent from last year's corresponding period's exports of 317 tons to 232 tons, according to a quarterly report released by the Central Agency for Public Mobility and Statistics (CAMPAS), the official statistical agency of Egypt that collects, processes, analyzes, and disseminates all statistical data.

Domestic cotton consumption during the period under review also declined from March-May 2011's 577 tons to 353 tons, a fall of 39 percent.

CAMPAS attributed the fall in domestic consumption to waning production capacity of spinning plants, which it said is mainly instigated by ongoing economic uncertainty. The report held the decline in global prices to be responsible for fall in domestic cotton prices.

Alongside, domestic and overseas sales, Egypt's cotton imports also declined during the period. The country imported 2.3 tons of cotton during March-May 2012, which is 89.9 percent lesser than 21.8 tons of cotton imported by it during the same period of 2011.

(Source: Fibre2fashion - 26.10.2012)

China to Hold Cotton Reserves; May not Impact Imports

The experts from the cotton industry in Pakistan and India are reported to have opined that there will be no impact on exports of cotton from India or Pakistan, despite the Chinese government deciding not to sell cotton from the huge reserves it has created in the previous cotton year as part of its state cotton reserves.

National Development & Reform Commission (NDRC), an apex economic decision body of the Chinese government is reported to have announced that China will not liquidate its state reserves cotton in the new cotton season and that it will also issue cotton import quotas on low tariffs totaling to 894,000 tons.

The Chinese Government has procured 3.22 million tons of cotton for its state reserves from September 2011 to March 2012. In addition, one million tons of cotton was imported and added to state reserves, which already had 300,000 tons of cotton from previous season. Thus, by March-end, China had a mammoth 4.52 million tons of cotton in its state reserves.

A top source in the Indian Textile Commissioner's office is reported to have stated that the decision of the Chinese government implies encouragement to textile mills to import low-priced cotton from overseas markets as well as take care of interests of its cotton farmers.

As per report, cotton exports to China are very low currently as they are trying to source low-priced cotton from overseas markets. However, cotton exports to other countries are begetting 81 US cents/pound, while Chinese importers are demanding at 71 cents/pound.

The source added that current demand from Chinese cotton textile units is also reported to be very low, due to the slowdown in demand from its traditional markets like the EU and US. The cotton yarn exports to China are however reported to be on the rise as costs of spinning yarn are going up and it is cheaper for China to import yarn.

The President of the Pakistan Ginners Association is reported to have expressed an opinion that cotton coarse yarn exports to China are climbing which has meant more consumption of cotton in Pakistan. If yarn export trends continue in the same manner, the cotton produced in Pakistan will be consumed in the country itself.

The President of the Pakistan Association reported to have further stated that exports to China have fallen in the last cotton season and currently cotton prices in Pakistan are higher than those ruling in global markets. Also, the quality of cotton currently arriving in the markets is not of such a good quality, which again is not good enough for exports.

(Source: Fibre2fashion - 26.10.2012)

Stop Trials of GM Crops, say Farmers Unions

Several farmers' leaders in Andhra Pradesh have asked the State Government not to allow GM (genetically modified) crop trials. Representatives of an all-party farmers' unions met Agriculture Minister and requested him not to give permission for the GM field trials in the State and consider giving permission only after a holistic study, the farmers' leaders had said.

They also asked the Minister not to give permission for GM trials at all in food crops. The Minister assured them that the Government would take a decision only after discussing the issue with all stakeholders, an official of the Agriculture Ministry said.

Meanwhile, the Government had decided to go for a probe into the reported incidence of sucking pest

attack on Bt cotton crop in some parts of the State. The Agriculture Minister had issued fresh instructions to the officials of Department of Agriculture to order a thorough investigation into the reports. The Minister felt that a detailed probe is necessary as biotechnology in cotton has completed a decade in the country.

The Minister also alluded to the issue of non-compliance of refuge norm. The cotton farmers are advised to sow non-Bt cotton or redgram crops around the Bt crop. This is to reduce the time for the pest to develop resistance to the technology. It is very important to follow this norm. We should tell the farmers on the steps they should follow before the next kharif season begins, the Minister was quoted as saying.

(Source: Business Line - 22.10.2012)

UPCOUNTRY SPOT RATES (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) 2011-12 Crop October 2012					
Sr. No.	Growth Standard	Grade /GPT	Grade	Staple	Micronaire	Strength	22nd	23rd	24th	25th	26th	27th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	15	11698 (41600)	11782 (41900)		11782 (41900)	11923 (42400)	11782 (41900)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 – 7.0	15	11782 (41900)	11867 (42200)	H	11867 (42200)	12007 (42700)	11895 (42300)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	20	7171 (25500)	7227 (25700)		7227 (25700)	7227 (25700)	7227 (25700)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	21	8155 (29000)	8183 (29100)	O	8155 (29000)	8155 (29000)	8155 (29000)
5	M/M	ICS-104	Fine	24mm	4.0 – 5.5	23	N.Q.	N.Q.		N.Q.	N.Q.	N.Q.
6	P/H/R	ICS-202	Fine	26mm	3.5 – 4.9	26	8942 (31800)	8998 (32000)	L	8914 (31700)	8886 (31600)	8773 (31200)
7	M/M/A	ICS-105	Fine	26mm	3.0 – 3.4	25	8661 (30800)	8689 (30900)		8633 (30700)	8633 (30700)	8577 (30500)
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	9251 (32900)	9308 (33100)	I	9223 (32800)	9111 (32400)	8970 (31900)
10	M/M/A	ICS-105	Fine	27mm	3.0 – 3.4	26	8914 (31700)	8942 (31800)		8886 (31600)	8802 (31300)	8745 (31100)
11	M/M/A	ICS-105	Fine	27mm	3.5 – 4.9	26	N.Q.	N.Q.	D	N.Q.	N.Q.	N.Q.
12	P/H/R	ICS-105	Fine	28mm	3.5 – 4.9	27	9308 (33100)	9364 (33300)		9280 (33000)	9195 (32700)	9111 (32400)
13	M/M/A	ICS-105	Fine	28mm	3.5 – 4.9	27	9420 (33500)	9420 (33500)	A	9364 (33300)	9308 (33100)	9251 (32900)
14	GUJ	ICS-105	Fine	28mm	3.5 – 4.9	27	9505 (33800)	9505 (33800)		9392 (33400)	9336 (33200)	9280 (33000)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 – 4.9	28	9645 (34300)	9673 (34400)		9561 (34000)	9505 (33800)	9448 (33600)
16	GUJ	ICS-105	Fine	29mm	3.5 – 4.9	28	9617 (34200)	9673 (34400)	Y	9533 (33900)	9476 (33700)	9420 (33500)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 – 4.9	29	9758 (34700)	9786 (34800)		9645 (34300)	9617 (34200)	9533 (33900)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 – 4.9	30	9898 (35200)	9926 (35300)		9786 (34800)	9758 (34700)	9673 (34400)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 – 4.9	31	10123 (36000)	10123 (36000)		9983 (35500)	9926 (35300)	9842 (35000)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	12795 (45500)	12795 (45500)		12795 (45500)	12795 (45500)	12795 (45500)

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