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Cotton Exchange Building, 2nd Floor,
Cotton Green, Mumbai - 400 033
Phone: 2370 4401/02/03
Fax: 2370 0337
Email: cai@caionline.in
www.caionline.in

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Indian Seed Firms Eye Share of Pakistan's Bt cotton Market

Top seed companies in India have petitioned India's apex biotech regulator to allow export of Bt cotton seeds to Pakistan. Pakistan's agriculture institutions are conducting preliminary trials to test the efficacy of these seeds in that country. The moves could open up a potential \$1 billion (Rs.4,510 crore) market in Bt cotton, analysts say.

Cotton is an important cash crop in Pakistan and accounts for 8.2% of the value added in agriculture and around 3.2% to gross domestic product; around two-thirds of the country's export earnings are from cotton products, which adds \$2.5 billion to the national economy.

Climate conditions are similar in both countries, so several varieties of cotton that can be cultivated in India can be grown in Pakistan, too, a spokes person in Mahyco Monsanto, said. Another official in a leading Indian cotton seeds firm said though the Pakistan government doesn't yet allow Bt cotton for commercial cultivation, its approval was "imminent" as several varieties were already available in Pakistan's fields and there were talks between agriculture ministries of China and Pakistan to develop Bt cotton varieties for Pakistan.

There is already competition for a prospective Bt cotton market share in Pakistan. India and China are both eyeing it. The Genetic Engineering Appraisal Committee, India's biotech regulator, is likely to decide on allowing export—for trial purposes—of more than 20 varieties of Bt cotton seeds to Pakistan, according to a statement on its website.

It is estimated that globally pests cause agricultural losses worth \$ 120 billion (Rs.5.4 trillion), Rs.60,000

crore of which takes place in India. Pesticides worth \$ 8 billion are used every year in India, with cotton accounting for nearly \$ 3.8 billion of this. Pakistan's cotton acreage, which is about half of India, faces as much proportional damage from cotton pests as India. For the past several years, Pakistan has been a net importer of cotton in excess of 300 million kg due to an acute shortage in production. According to a report by that country's agriculture department, the government forecasts various options, including transgenic crops, to reach production levels of 20.7 million bales by 2015, by adding 25,000 acres of cotton areas annually, along with 5% growth in per hectare yield.

Bt cotton is now grown over 90% of India's cotton acreage, and has been credited with tripling yields and making the country a net exporter of the commodity since 2006. It's largely due to the success of Bt cotton and its acceptance among farmers that several companies and agricultural research institutes have been trying to integrate the Bt gene into food crops in India.

Genetically modified cotton today uses one or more genes from a soil bacterium called *Bacillus thuringiensis* that triggers an insecticidal protein. These toxins are usually fatal only to a bug called the American bollworm, considered the chief cotton pest and, as a result, the target of most insect sprays. Though Bt cotton seeds are costlier than their non-Bt counterparts, its proponents claim that seeds engineered in this way dramatically reduce the sprays—and hence costs—in protecting cotton crops.

(Source: Based on Article appeared in website livemint.com)

Specialty Cottons

In a recent issue of Cotton, a global textile magazine, a detailed article on Specialty Cottons was published. Being of general interest, some of the information contained in the article is given below:

Over the last decade, due to increased global awareness about rural poverty, climate change and sustainability, and an extended period of fast growth in income per capita in developing countries as well as the level of social and environmental responsibility in developed countries have risen considerably. As a response to this, there have been some developments in the cotton sector. The four major initiatives are Organic Cotton, Fairtrade Cotton, Better Cotton Initiative and Cotton made in Africa. Some details about three specialty cottons are as under:

Organic Cotton

According to the Organic Exchange founded in 2002, organic production is based on a system of farming that maintains and replenishes soil fertility without the use of toxic and persistent pesticides and fertilisers or genetically modified seeds. In the system of production of organic cotton, (a) biotech seeds cannot be used, (b) seeds used should be untreated, (c) organic matter is to be used as fertiliser, (d) crops should be rotated, (e) the focus should be on water retention rather than on irrigation, (f) weeds need to be removed physically or hand hoeing, (g) beneficial insects, biological and cultural practices should be resorted to for control of insects and weeds and trap crops used to lure insects away from cotton and (h) for harvesting, seasonal freeze for defoliation or stimulation of defoliation through water management should be employed. Fibre properties of organic cotton are same as those of conventional cotton grown in the same geographic region. In order for a product to be named as produced from "organic cotton", cotton produced "organically" requires a certification valid for the country, where the product is to be sold. Currently, the countries issuing Government standards for organic farming production are USA, Canada, European Union, Japan, Australia and India (India Organic-National Programme for Organic Production).

During 2008-09, organic cotton was grown in 22 countries by about 2,20,000 farmers with the leading producer being India followed by Turkey, Syria, Tanzania, China, USA, Uganda and Peru.

Fairtrade Cotton

Fairtrade Cotton (FT) is promoted as an alternative approach to conventional trade and is based on a partnership between producers and consumers. It is intended to offer producers a better deal and improved terms of trade, and consumers a way to reduce poverty through their everyday shopping. The Fairtrade Labelling Organisations International (FLO) is the association that sets international FT standards and supports FT producers.

Cotton was first introduced in the list of products in 2004. FT cotton producers are usually small family farms organised in co-operatives or associations which farmers own and govern democratically. The only exception is in India and Pakistan where some cotton producing communities are not organised in co-operatives but are selling to a promoting body which is responsible for passing back to the individual farmers the extra benefits generated by FT sales. In 2008-09 there were 40 certified associations - 18 in India, 17 in West and Central Africa and 5 in other countries.

By selling to the FT market (dominated by France, UK and Switzerland) cotton farmers receive (1) a minimum price which covers the cost of sustainable production and (2) a FT Premium which allows them to invest in community projects, such as schools, roads or health care facilities.

The FT minimum prices for cotton are set at different levels depending on the producing region, and if the market price is higher than the FT minimum price, the market price applies. Additionally, pre-export lines of credit are given to the producer organisations if requested, of upto 60 per cent of the purchase price. FT maintains conventional standards based on the international recommendations of the UN Environment Programme, such as the strict control of chemicals and reductions in pesticides. FT also encourages sustainable

farming so that farmers establish their own environmental development plans to ensure that where possible, waste is managed, materials are recycled, and steps are taken to avoid soil erosion and water pollution. Biotech seeds are forbidden. FT cotton can be organic but is not necessarily so. FT minimum prices for organic cotton are set 20 per cent higher than the FT conventional minimum prices. There are 33 FT cotton producer groups in India, Burkina Faso, Cameroon, Mali, Senegal, Brazil, Egypt, Peru and Kyrgyzstan.

Better Cotton Initiative

The goal of Better Cotton Initiative (BCI) is to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. The long term objectives of BCI are to demonstrate the inherent benefits of Better Cotton production, particularly the financial profitability for farmers, to reduce the impact of water and pesticide use on human and environmental health, to improve soil health and biodiversity, to promote Decent Work for farming communities and cotton farm workers, to facilitate global knowledge exchange on more sustainable cotton production, and to increase the traceability along the cotton supply chain.

The BCI was launched in 2005 as a result of a global multi-stakeholder consultative process.

Current BCI members include associations of cotton producers from Brazil, Africa, Pakistan and the International Federation of Agricultural Producers, retailers and brands, applicators and manufacturers, and members from the civil society. BCI is not about creating a premium product to attract a higher market price. Rather, the focus is on reducing costs at farm level thus increasing farmers' profits through better management practices and reduced input use. Participating farmers must meet the Minimum Production Criteria, based on pesticide use, health and safety, water use, fibre quality, habitat production, freedom of association, child labour, forced labour and non-discrimination. Furthermore, farmers should set up a yearly plan to improve their practices to meet all of the Production Principals. BCI is not a labelling scheme but it does involve some third party monitoring and verification.

During the start-up implementation, BCI initiative has focused on Brazil, India, Pakistan and Mali. Around 85,000 farmers participate in the BCI with an expected planted area of 2,41,000 hectares in 2010-11, the first crop season. The entire Better Cotton System will be externally reviewed at the end of 2012 to evaluate whether it has delivered the desired results and impact.

(Source : Based on an article, Specialty Cottons in Cotton, a global textile magazine)

Registration of Contracts for Export of Cotton by the DGFT

By Notification No.12(RE-2010)/2009-14 dated 16th December 2010, Director General of Foreign Trade, Government of India has substituted the existing entries of Notification No.58/2009-14 dated 17th August 2010 read with Notification No.6(RE-2010)/2009-14 dated 30th September 2010 thereby the contracts for export of Cotton, Cotton Waste (including yarn waste and garneted stock) and Cotton, carded or combed **will now be registered with the Directorate General of Foreign Trade prior to shipment.** Earlier, such registrations were with Textile Commissioner, Mumbai.

In this regard, the Policy Circular No.06(RE-2010)/2009-14 dated 16th December 2010 was issued by the Joint Director General of Foreign Trade.

88th Annual General Meeting of CAI

The 88th Annual General Meeting of the Cotton Association of India will be held on Friday, the 31st December 2010 at 3.00 p.m. in the Conference Room of the Association, 2nd Floor, Cotton Exchange Building, Cotton Green, Mumbai 400 033.

SNIPPETS

According to the Directorate of Cotton Development, the total area planted to cotton by November 25 was provisionally placed at 109 lakh hectares, nine percent more than last year. The final planted area, when sowings are complete in all States, could be in excess of 110 lakh hectares, it is stated. Both the higher prices and good yields in the previous year resulting in higher net returns have led the farmers to bring larger area under cotton in 2010-11. Meanwhile, the Cotton Corporation of India has reportedly placed the market arrivals upto the beginning of December at 70 lakh bales compared to 72 lakh bales by the same period last year. It will be recalled that arrivals this year were late because of the late rains in several tracts.



According to Cotton Corporation of India, untimely rains and inclement weather conditions continues in Southern zone which had affected the pace of arrivals. However, the arrivals in Southern zone have also started picking up.

Presently, the per day arrivals are reported to be around 2,20,000 to 2,60,000. As on 19th December 2010, the progressive arrivals are 101.88 lakh bales as against 100.10 lakh bales in previous year.



The Government approved a Rs.350 crore scheme to assess the impact of climate change on the agriculture sector and evolve cost effective adaptation and mitigation strategies. The Cabinet Committee on Economic Affairs approved the new scheme - National Initiative on Climate Resilient Agriculture to be implemented in current plan. The Government plans to spend a total of Rs.350 crore on creating research infrastructure, capacity building and on-farm demonstration of climate resilient technologies. The Government expects to spend Rs.200 crore this fiscal on strengthening research infrastructure at key institutes of Indian Council for Agricultural Research and the rest in 2011-12.

(Source: Business Line - 16.12.2010)



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					
						December 2010					
						18 th	20 th	21 st	22 nd	23 rd	24 th
03.	ICS-102	22mm	V-797	4.5-5.9	19	27500	28000	28200	28200	28000	28000
04.	ICS-103	23mm	Jayadhar	4.0-5	19	33200	33200	33200	33200	33000	33000
2010-11 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	32000	32500	33000	33200	33000	34100
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	32400	32900	33400	33600	33400	34500
05.	ICS-104	24mm	Y-1	4.0-5.5	20	37200	37200	37400	37400	37200	37000
06.	ICS-202	25mm	J-34	3.5-4.9	23	39100	39700	40200	40400	40200	40200
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	38800	39000	39500	39800	39600	39300
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	39300	39500	40000	40200	40000	39500
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	39500	40000	40500	41000	40800	40300
10.	ICS-105	29mm	S-6	3.5-4.9	26	41200	41600	42100	42500	42300	41800
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	41500	42000	42500	42500	42300	42000
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	43000	43000	43500	43500	43300	43300
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	52000	52000	52000	52000	51800	51800