Weekly Publication of
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Cotton Statistics And News

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Edited & Published by : O. P. Agarwal

87th Annual General Meeting of the Association Held in Mumbai

The 87th Annual General Meeting of the Association was held in Mumbai on 31st December 2009 with its President, Shri Dhiren N. Sheth in the chair.

In his address to the members, Shri Sheth spoke on a range of topics which included domestic and global cotton scenario during the cotton season 2008-09, demand for ban or restrictions on exports of cotton from India, excellent progress on Technology Mission on Cotton, development of organic cotton, CAI's positive role in international fora, rejuvenation of Committees, training programmes under "Learn with CAI" series, expansion of cotton testing services at various upcountry places, widening of membership base of the Association and several other projects being undertaken by the Association.

While dealing with domestic cotton scenario for cotton season 2008-09, Shri Sheth stated that the steep hike in MSPs vis-à-vis the highly depressed cotton prices in the global markets due to economic meltdown across the world seriously impacted the cotton economy in India and, in particular, cotton exports were badly hit. Speaking on the current cotton season 2009-10, he stated that the overall area under cotton cultivation has hit the one crore hectare mark and with the increase in acreage under Bt. cotton, production during the current season was expected to be higher as compared to last season. Shri Sheth also referred to demand for ban or restriction on exports of cotton by certain sectors of the cotton chain and stated that our Association had strongly opposed such unreasonable demand through several representations followed by personal meetings with the concerned Ministries and the Association will continue to follow this issue.

Shri Sheth highlighted the growing importance of organic cotton and stated that organic cotton had come to be the mainstay of production programme of many Countries. He mentioned that our Association had also constituted a separate Committee to place a special focus on the growth and development of organic cotton.

Shri Sheth also stated that several Committees constituted by the Board to handle responsibilities in various areas of the affairs of the Association

The 87th Annual General Meeting in progress


A cross section of members at the AGM

CAI WISHES ALL OUR READERS
A Happy and Prosperous New Year 2010

were now meeting regularly as per a fixed schedule and this has yielded very positive results in terms of placing a sharper focus on the issues handled by each of them.

While dealing with various projects of the Association, Shri Sheth apprised the members of the Association's plans for establishing a Cotton School of international standards in India, regular training on various topics relating to cotton trade through "Learn with CAI" series of programmes, establishing a Cotton Museum, expansion of the network of the Association's laboratories, undertake cotton promotion projects in a phased manner, etc.

Shri Sheth stressed upon the need for widening the membership base of the Association and requested the members to help in enrolling more new members.

The AGM approved the Audited Account for the year ended 31st March 2009 and elected Directors in place of retiring Directors. M/s. G. P. Kapadia & Co. were re-appointed as Auditors of the Association for 2009-10.

March of World Cotton

Cotton has made tremendous advances at the global level during the last five decades. Although there has not been much change in world cotton area, production and productivity have more than doubled. And so has world cotton consumption. With consumption rising in most countries including those which depend on imports, world cotton trade has also doubled during the last five decades. The march of world cotton from the 1960s to 2000s can be seen from the data on decennial averages presented in the accompanying table.

Decennial Avg.	Area (m. ha)	Yield (kg/ha)	Production (m. tonnes)	Consumption (m. tonnes)	Exp. / Imp. (m. tonnes)
1960s	32.4	339	11.0	11.0	3.7
1970s	32.8	398	13.1	13.1	4.2
1980s	32.6	500	16.3	16.3	4.8
1990s	33.1	576	19.1	18.7	5.9
2000s	33.5	695	23.1	23.3	7.4

(Based on data published by ICAC)

As may be seen, world cotton area has shown little change and has been hovering between 32 and 33.5 million hectares. It is well known, India leads the world in cotton area, with over 10 million hectares or nearly a third of the world total having been planted during 2009-10. China comes a distant second with an area of 5.6 million hectares followed by US with 3.1 million hectares.

The average world cotton yield has doubled from 339 kg. per hectare during the 1960s to 695 kg. in the first decade of the current century. It was a record 792 kg. in 2007-08 but came down to 726 kg. in 2009-10. A number of factors have contributed to the boost in productivity. Some of these include the introduction of new production technologies, expanded use of the existing techniques and shifts in areas devoted to cotton cultivation. The average yield in different countries vary widely and the range is from as low as 152 kg. in Mozambique in South Africa to the highest level of 2028 kg. per hectare harvested by Australia. Some of the other countries which have high yield levels are Israel (1800 kg.), Brazil (1500 kg.), Turkey (1357 kg.), Mexico (1328 kg.) and China (1207 kg.). Some of the African countries have the lowest average yield in the world.

India also used to be among the countries with lower range of yield levels a few decades ago. However, the development of hybrid cottons during the 1970s led to some appreciable improvement in yield but the real breakthrough came since 2002-03 after the introduction of bollworm resistant Bt. cottons. The highest national average yield reached so far was 554 kg. per hectare in 2007-08. Although the national yield is still low compared to the world average, not to speak of some leading countries with very high yield, some of the States do have fairly high yields. For instance, the average yield in Tamil Nadu was 850 kg. in 2008-09 although the area was small, just about a lakh hectares. Gujarat recorded an average yield of 651 kg. in 2008-09 over an area of 23.5 lakh hectares. It is expected that with intensive efforts for cotton production and productivity being maintained, especially under the Technology Mission on Cotton, average yield is bound to go up further in the coming years.

Mainly due to the increase in productivity, world cotton production more than doubled from 11 million tonnes during the 1960s to 23.1 million tonnes in the 2000s. The top ranking cotton producer continues to be China whose crop placed at 8 million tonnes amounted to 34 per cent of the world total in 2008-09. It was only slightly lower in 2009-10 at 6.8 million tonnes or 31 per cent of the world crop estimated at 22.2 million tonnes.

Next in order comes India whose production is placed at 5.2 million tonnes or about 23 per cent of the world total in 2009-10. Thus, China and India account for more than half the world cotton production.

Along with production, world cotton mill use has also gone up by 112 per cent from 11 million tonnes during the 1960s to 23.3 million tonnes in the 2000s. Consumption reached a peak of 26.5 million tonnes in 2007-08 but fell to 23.2 million tonnes in 2008-09 and 23.8 million tonnes in 2009-10, mainly due to the negative impact of the global financial crisis since the latter half of 2008 which brought down the demand for textiles. With the gradual recovery in economic growth witnessed recently, it is expected that the world cotton mill use will bounce back. The International Cotton Advisory Committee has projected mill consumption higher at 24.2 million tonnes in 2010-11.

One of the notable developments in the last few decades has been the growth of the textile industry in countries which do not produce cotton on any significant scale. They import cotton and yarn for adding value by manufacturing fabrics and garments especially the latter. With a relatively lower wage structure and due to the high employment potential, these countries find garmenting highly beneficial particularly because of the good demand from the developed countries. Even a leading cotton producing country like China goes in for sizable import of cotton since its domestic production falls short of the mill requirements. India also resorts to import since it is deficient in the production of extralong staple cotton although there is a large exportable surplus in the other staple categories. All these have given a boost to the world trade in cotton with exports / imports doubling from 3.7 million tonnes in the 1960s to 7.4 million tonnes in the 2000s. While China is the leading importer, US continues to be the leading exporter. During 2008-09, India could also export large quantity to emerge as the second highest exporter in the world.

Uptrend in World Cotton Prices

In its December 1 release, the International Cotton Advisory Committee (ICAC) had forecast that world cotton prices may be higher in 2009-10 compared to the previous year. The recent trend in world cotton prices seems to be substantiating this forecast. In fact, the average Cotlook A Index has been moving up since June 2009 as may be seen from the following figures published in Cotton Outlook :

Monthly Average	Cotlook A Index
June 2009	61.40
July 2009	64.80
August 2009	64.25
September 2009	64.05
October 2009	66.80
November 2009	71.80
December 2009	76.00

It is also observed that the daily value of Cotlook A Index touched a peak figure of 78.60 on December 17. According to the ICAC, global cotton ending stocks are expected to fall by 13 per cent to 10.7 million tonnes at the end of 2009-10. This would be the largest decline since 2002-03, it is stated. Half of the decline is expected to take place in China and half in the rest of the world. The global stocks-to-use ratio is also forecast to drop from 53 per cent in 2008-09.

Taking all the relevant factors into consideration, ICAC had forecast the Cotlook A Index to average 69 US Cents per pound in 2009-10, an increase of 13 per cent from the 2008-09 average of 61.2 Cents per pound.

CAI Extends Warm Welcome to the Re-elected Office Bearers for the Year 2009-10

Shri Dhiren N. Sheth .... President
Shri Nayan C. Mirani .... Vice-President
Shri Sanjay V. Udeshi .... Addl.Vice-President
Shri Shirish R. Shah .... Hon. Treasurer

CAI also extends warm welcome to the newly elected members of its Board of Directors

SNIPPETS

The Government's mid-year review is reported to have claimed that the Indian economy is well on course to return to high growth trajectory. However, this broad based recovery is likely to be accompanied by somewhat higher inflation mainly on account of food price rise. The forecast for GDP growth is about 7.8 per cent during 2009-10 as against 6.7 per cent in 2008-09.

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The country's infrastructure sector expanded by 5.3 per cent in November driven by robust growth in steel and cement industries, indicating that revival in the industrial growth will continue to be strong, says a report. The growth of the core sector was only 3.8 per cent in October. The six core sector industries contribute 26.7 per cent to the overall Index for Industrial Production (IIP).

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Issue of Certificates of Origin (Non-Preferential)

The CAI has been enlisted by the Director General of Foreign Trade, New Delhi and is authorized us to issue Certificates of Origin (Non-Preferential). This service has already been commenced by CAI from 20th November 2008.

The purpose of this is to serve all the stakeholders in cotton value chain better and more effectively. We invite all of you to avail of these services.

The interested parties may contact the CAI Secretariat or visit our website: www.caionline.in for more details.

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 December 2009 - January 2010					
						26th	28th	29th	30th	31st	1st
03.	ICS-102	22mm	V-797	4.5-5.9	19	H		21400	21400	21400	21400
04.	ICS-103	23mm	Jayadhar	4.0-5.5	19			21200	21200	21200	21200
2009-10 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0	15	O	M A	23500	23500	23500	23500
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0	15	L	R K	24500	24500	24500	24500
05.	ICS-104	24mm	Y-1	4.0-5.5	20		E	24500	24500	24500	24500
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9	23		T	25200	25200	25200	25200
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	I		N.A.	N.A	N.A	N.A
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24		C	25500	25500	25500	25500
09.	ICS-105	28mm	H-4 / MECH-1	3.5-4.9	25	D	L O	26000	26000	26000	26000
10.	ICS-105	29mm	S-6	3.5-4.9	26		S	27300	27300	27300	27300
11.	ICS-105	31mm	Bunny / Brahma	3.5-4.9	27	A	E D	27100	27100	27100	27100
12.	ICS-106	33mm	MCU-5 / Surabhi	3.3-4.5	28			27900	27900	27900	27900
13.	ICS-107	35mm	DCH-32	2.8-3 .6	31	Y		40500	40500	40500	40500
14.	ICS-301	26mm	ICC	3.7-4.3	25			25200	25200	25200	25200