

Joint Representation

August 24, 2010.

Dear Sir,

Sub: Need for calibrating export of raw cotton

* * *

The office-bearers and senior members of the following organizations met in Coimbatore on August 21, 2010 to discuss the cotton crisis developing in the country and the measures required to ensure that the situation does not go out of control.

1. Confederation of Indian Textile Industry
2. Federation of Indian Exporters' Organization
3. The Southern India Mills' Association
4. Tirupur Exporters' Association
5. Tamilnadu Spinning Mills Association
6. South India Spinners' Association
7. South India Hosiery Manufacturers' Association
8. Handloom Export Promotion Council
9. Madurai Spinners' Association
10. South India Cotton Association
11. The Karur Textile Manufacturer Exporters' Association
12. Annur spinning Mills Association
13. Indian Spinning Millowners Association
14. Karur Textile Forum

After discussing the current global cotton situation and domestic supply position and also the price situation anticipated for the ensuing cotton year, the organizations unanimously decided to represent to the government as follows:-

1. Export of cotton during cotton year 2010-11 should be limited to the exportable surplus available after meeting the requirement of the domestic textile industry.
2. The exportable surplus available should be decided immediately on the basis of current data available.
3. The exportable surplus so arrived at should be permitted for exports at equal monthly instalments from October 2010 to September 2011.
4. In March 2011, there should be a review of the exportable surplus since more reliable data on production, consumption, etc., will be available by that time. The monthly quantity for exports from April to September may be decided based on the exportable surplus assessed in March 2011.
5. All the organizations expressed their grave concern on the steep increase in cotton prices during August, 2011 following the resumption of cotton exports by Government. The organizations also expressed their concern on the announcement by Commerce Ministry that cotton export would be allowed freely from October 2010 onwards. They took note of the notification issued

by the Commerce Ministry that cotton would be removed from the “restricted list” and brought under “free list” for export from 1st of October 2010 and the procedure of licensing will also be withdrawn. It is understood that export duty of Rs.2500 per tonne currently applicable on export of raw cotton is also likely to be withdrawn before 1st October, 2010. They noted that registration of export contracts with the Textile Commissioner would be the only procedure available for monitoring cotton exports from October 2010 onwards. It was, therefore, recommended that limiting exports to the exportable surplus decided by CAB / government and calibrating the exports on the basis of equal monthly instalments should be implemented through mechanism of registration of cotton export contracts.

6. All the organizations unanimously opined that the cotton farmers should get a remunerative price and would be very happy if the farmers get the international price as the spot price. But at the same time, they strongly felt that the hoarding and speculation practices by the traders should be curtailed and the interests of both the farmers and the industry should be protected.

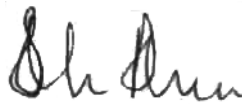
The organizations decided that government may immediately make an announcement of the decisions suggested above. The office-bearers of the organizations were requested to pursue these matters immediately and effectively with the Government and gets the necessary decision announced urgently. They noted that cotton price had already reached Rs.33,000 per candy in the Indian market, which is highest in the record history. Unless cotton export gets regulated and calibrated with immediate effect, cotton price would increase further and this would render the entire textile value chain uncompetitive.

In view of the seriousness of the situation, the organizations also decided that **if a favourable decision is not available** from government immediately, **the entire textile value chain from spinners to garmenters should consider stoppage of work as a means of protest** and to persuade the government to come to the rescue of this highly labour intensive and export oriented industry.

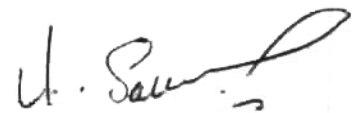
Yours faithfully,



(S V ARUMUGAM)
Deputy Chairman-CITI



(J THULASIDHARAN)
Chairman – SIMA



(A SAKTHIVEL)
President - FIEO & TEA



(A P APPUKUTTY)
President - TASMA



(G SOUNDARARAJAN)
President - SISPA



(K N VISWANATHAN)
Secretary - SICA



(V PONNUSAMY)
Secretary – SIHMA



(M BRITTO)
HEPC



(K R SUBRAMANIAN)
ANNUR SPG MILLS
ASSOCIATION



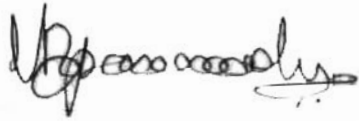
(RAM KUMAR RAJHA)
MADURAI SPINNERS
ASSOCIATION



(P R SHANMUGHAM)
ISMA



(M SIVAKANNAN)
President – KARUR
TEXTILE FORUM



(N ANANTHAPADAMANABAN)
KTMEA

Coimbatore
25th August, 2010

To

ALL PRESS CORRESPONDENTS:

For favour of publicity.

(Dr K SELVARAJU)
Secretary General