



European Federation of Cotton and Allied Textiles Industries

October 26, 2010

Major Worldwide Textile Groups Urge Action against India on Cotton

Illegal Indian Cotton Export Restraints Threaten Textile Recoveries in EU, Mexico, Turkey and United States

In a joint letter to their respective governments dated October 26, 2010, textile groups employing more than one million workers urged the governments of the European Union, Mexico, Turkey and United States to take action against India if it continues to restrict the export of cotton.

The groups cited an illegal pattern of export restraints on cotton that the Indian government has imposed since April. The Indian restraints have contributed to an enormous increase in the price of cotton for non-Indian textile producers around the globe. Since India began restricting the export of cotton in April, the price of cotton has increased by nearly 100 percent, from 62 cents per lb to \$1.20 per lb. According to the Wall Street Journal, cotton prices have hit all time highs in recent weeks.

The Indian action has come as world supply of cotton has tightened amid increasing demand and disappointing cotton crops in several large producing countries. As the second largest exporter of cotton, India is enjoying one of its largest cotton crops in history but has dramatically restricted its exports over the last six months.

Mr. Benoit HACOT, the president of Eurocoton, stated, "India's anti-trade actions on cotton have caused turmoil in world markets. Under these circumstances, competition is seriously

distorted. As a result, our European textile customers are faced with difficult options. They are forced either to pay prohibitive prices for their cotton and suffer increased competition on processed products imported into the EU at lower price, or they must reduce their own costs by relocating their production facilities and jobs outside of Europe, or they must simply close their doors.“

Mr. David Garcia, the president of [CANAINTEX](#) stated, “The Indian government has clearly broken WTO rules and must be held to account. Textile producers in Mexico should not be forced to pay ruinous prices for cotton because India is illegally subsidizing its domestic industry through its export bans and restrictions.”

Mr. Halit Narin, president of the [Turkish Textile Employers Association \(TTEA\)](#) joined with [ITKIB](#) Presidents Ismail Gulle and Hikmet Tanriverdi, and stated, “We are very concerned that the recovery in the Turkish textile sector will be cut short by the Indian actions which have caused the price of cotton to skyrocket. While the Indian government has pledged repeatedly that its actions are “short term,” they have continued to interrupt supply to export markets for over six months.”

Mr. Cass Johnson, president of the [National Council of the Textile Organizations \(NCTO\)](#), stated, “For the first time in history, U.S. mills are worried about running out of cotton because India’s actions have constricted the worldwide supply and have caused panic buying. Large state-owned Chinese textile producers are now paying any price to secure cotton. These actions imperiling what had been a robust recovery for U.S. textile mills.”

The groups noted in the letter that their mills “face the prospect of extremely high prices for cotton or having no supply of cotton at all.” They noted that “either way, our mills cannot survive such a scenario for an extended length of time,” and urged their respective governments “to send the strongest message to India that it must not restrict or delay export of its cotton to world markets.”

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October 25, 2010

Mr. Karel De GUCHT
Commissioner for Trade
European Commission
Brussels, Belgium

Mr. Ahmet YAKICI
Undersecretary for Foreign Trade,
Ankara, Republic of Turkey

Ambassador Ron KIRK
U.S. Trade Representative
Washington DC, USA

Dr. Bruno Ferrari GARCIA de ALBA
Secretary of Economy,
Mexico City, Republic of Mexico

Dear Sirs:

As representatives for over one million textile workers, we are writing to ask the governments of the European Union, Mexico, Turkey and the United States to take immediate action to prevent the further restriction of trade in cotton by the Indian government.

Since April, India has restricted or banned the export of cotton in order to ensure lower prices for its domestic textile industry. The Indian government actions have been a catalyst for an unprecedented surge in worldwide cotton prices. Since last April, cotton prices have increased from 62 cents per pound to \$1.20 a pound, an increase of almost 100 percent.

As the second largest exporter of cotton, the Indian government actions have caused turmoil in world markets. We believe that the Indian actions are discriminatory and violate Article XI of the GATT agreement which prohibits export bans that benefit domestic industries. In particular, we believe India is clearly favoring its domestic textile industry by diverting product at lower prices to its domestic producers; such action is clearly illegal under WTO rules. This action must be vigorously opposed.

India's actions hit our industries particularly hard because they pit U.S., Mexican, European and Turkish textile mills against large Chinese state-owned textile mills which have enormous price flexibility because of government subsidies. Simply put, government-subsidized Chinese mills are buying up the remaining world supply and paying extravagant prices to do so. The U.S. cotton crop, the largest export crop, is being consumed by China mills at an unprecedented rate.

In addition, the Indian government action also gives Indian textile mills and apparel producers, who are themselves major global competitors, a significant price advantage against our industries.

If the current scenario of India curtailing and delaying export of its cotton crop continues to play out, European, Mexican, U.S. and Turkish textile mills will face the prospect of extremely high prices for cotton or having no supply of cotton at all. Either way, our mills cannot survive such a scenario for an extended period of time.

We are asking that our governments immediately send the strongest message to India that it must not restrict or delay export of its cotton to world markets and must abide by international trade rules.

Thank you advance for your consideration.

Sincerely,

Mr.Cass JOHNSON
President of the National Council of Textile Organizations (NCTO)
Washington DC, USA

Mr.Benoit HACOT
President of Eurocoton
Brussels, Belgium

Mr. Halit NARIN
President of Turkish Textile Employers' Association (TTEA)
Istanbul, Turkey

Mr. Ismail GULLE
President of Istanbul Textile and Rawmaterials Exporters' Association (ITKIB)
Istanbul, Turkey

Mr. Hikmet TANRIVERDI
President of Istanbul Readymade Garments Exporters' Association (ITKIB)
Istanbul, Turkey

Mr. David GARCIA
President of the Camerica Nacional de la Industria Textil (CANAINTEX)
Mexico City, Mexico

Cc: Mr. Antonio TAJANI, Vice President, Commissioner for Industry and
Entrepreneurship, European Commission
Mr. Gary LOCKE, Secretary of Commerce, U.S. Dept. of Commerce
Ms. Beatriz leycegui GARDOQUI, Undersecretary of Foreign Trade, Secretary of
Economy, Mexico