



November 18, 2010

Ten Textile Groups from the Western Hemisphere Call for Action on India Cotton Export Ban

Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Peru join Worldwide Coalition

In a joint letter dated November 18, 2010, textile groups from ten developing countries representing 2.5 million textile and apparel workers in the Western Hemisphere joined their counterparts from the European Union, Mexico, Turkey and the United States in urging their respective governments to take action against India's cotton export ban.

The letter cited new statistics that demonstrate the Indian government is subsidizing its textile and apparel export sector by restricting exports of cotton. The groups cited a 16 cents per lb price difference between the price that Indian textile and apparel mills pay for their cotton and the world price of cotton. They also noted that the price differential has increased each time the Indian government has announced new restrictions on the export of cotton.

The groups noted that the Indian cotton 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 126 percent, from 62 cents per lb to \$1.40 per lb.

In their letter, the groups pointed out that India's actions have 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. The groups also noted that analysis of India cotton production and consumption figures demonstrate that India is withholding between 1.5 and 3.5 million bales of cotton from its export

market in order to give its textile and apparel export sector an advantage over other world producers.

Including the initial October 26th letter by the EU, Mexico, Turkey and the United States (attached), the 14 textile groups represent nearly four million textile and apparel workers which produced \$110 billion in textile and apparel exports in 2008.

Mr. Javier Diaz, [President of the Asociacion de Industriales Textiles del Ecuador \(AITE\)](#), stated, "Countries with large and developed textile export sectors, such as India, should not be allowed to create disorder by violating WTO rules. Such actions hit smaller sectors, such as Ecuador, particularly hard. We urge our government to join with other nations and insist that India end these practices."

Ms. Maria del Mar Palau Madriñán, Executive Director of the [Cámara de la Cadena Algodón, Fibras, Textil y Confecciones \(ANDI\)](#) stated, "The Indian government's nearly yearlong effort to manipulate cotton prices in order to benefit its domestic industry has contributed to the panic buying that resulted in unprecedented cost increases for our industry. At a time of weak consumer growth in our export markets, this portends disaster for our industry unless India is forced to play by WTO rules."

Mr. Aguinaldo Diniz Filho, President of the Associação Brasileira da Indústria Têxtil e de Confecção (ABIT), stated, "Our industry has been severely impacted by the record prices for cotton, an essential raw material. These price hikes have been fueled by India's predatory actions, we urge our government to work with impacted countries to ensure that India complies with WTO rules and suspend its cotton export restrictions."

Mr. Martin Vera Reano, President of [Comite Textil](#) in Peru, stated, "India is in violation of at least three WTO articles and such flagrant disregard for international law, particularly when it causes prices to spike to producers around the world, must be opposed. We look forward to working with our government to make sure these actions are stopped."

Textile groups which wish to join the textile coalition on Indian cotton bans and restrictions should contact Cass Johnson at the National Council of Textile Organizations (NCTO) at +1 202-822-8025 / cjohnson@ncto.org.

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November 18, 2010

Embaixador Celso Amorim
Ministério das Relações Exteriores
Brasília/DF, Brazil

Ministra Anabel González
Ministerio de Comercio Exterior de Costa Rica
Centro Colon, Costa Rica

Deputy Minister Francisco Rivadeneira Sarzosa
Ministry of Foreign Affairs, Trade and Integration
Quito, Ecuador

Embajador Fernando Rojas Samanez
Permanent Representative from Peru al Geneva
Geneva, Switzerland

Dr. Hector Dada Hirezi
Minister of Economy
San Salvador, El Salvador

Ambassador Melvin Redondo
Chief Trade Negotiator, Ministry of Industry and Trade.
Tegucigalpa, Honduras

Dear Sirs and Madam:

As representatives of more than 2.5 million textile and apparel workers, we are writing to ask the governments of **Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, and Peru** to take immediate action to prevent the further restriction of trade in cotton by the Indian government. By taking this action, we are joining with fellow trade associations in the European Community, Mexico, Turkey and the United States in requesting government intervention.

Since April, India has restricted or banned the export of cotton in order to ensure lower prices for its domestic textile and apparel industry. The Indian government actions have been a catalyst for an unprecedented surge in worldwide cotton prices. Since April, cotton prices have increased from 62 cents per pound to \$1.40/lb, an increase of 126 percent.

As the second largest exporter of cotton, the Indian government's actions have caused turmoil in world markets and in our own industries. We believe that the Indian actions are discriminatory and violate Articles III, VIII and XI of the GATT. We believe India is clearly favoring its domestic textile industry by diverting product at lower prices to its domestic producers and by causing sustained uncertainty in world markets regarding the availability of Indian cotton. Such actions are clearly illegal under WTO rules.

Cotton price data show that Indian mills are receiving a 16 cent per lb subsidy because of the Indian government actions. This price differential closely tracks the Indian government's actions to withhold Indian cotton from world markets. The differential is clearly designed to allow India to grab market share in textiles and apparel during a time of reduced worldwide supply of cotton. According to analysis of India's cotton consumption and production data, India is withholding between 1.5 and 3.5 million bales of cotton from the export market in order to benefit its domestic industry.

Our industries are particularly hard hit because there is a lack of raw materials for consumption, this scenario has pitted the Western Hemisphere textile and apparel producers against large Chinese state-owned textile mills which have enormous price flexibility because the Chinese mills are state owned and operated and enjoy numerous government subsidies. As noted in the earlier association letter on October 26, government-subsidized Chinese mills are buying up the remaining world supply of cotton and paying extravagant prices, in order to gain more market share and eliminate competition from our countries.

If the current situation continues to play out, the textile and apparel sectors in our countries, along with those in Europe, Mexico, the U.S. and Turkey will face the prospect of extremely high prices for cotton or having no supply of cotton at all. Either way, our sectors cannot survive such a scenario for an extended period of time.

We are asking that our governments immediately send a strong 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. Javier Diaz, [President of the Asociacion de Industriales Textiles del Ecuador](#)

Ms. Maria del Mar Palau Madriñán, Executive Director of the [Cámara de la Cadena Algodón, Fibras, Textil y Confecciones](#) (ANDI)

Mr. Aguinaldo Diniz Filho, President of the Associação Brasileira da Indústria Têxtil e de Confecção ([ABIT](#))

Mr. Martin Vera Reano, President of [ComiteTextil](#), Peru.

Mr. Scott Vaughn, President of the Consejo Empresarial Centroamericano-Dominicano de Textile y Confeccion (CECATEC), representing:

[ADZONA](#) (Dominican Republic)

[ANITEC](#) (Nicaragua)

[AHM](#) (Honduras)

[CAMTEX](#) (El Salvador)

[ANEIT](#) (Costa Rica)

[VESTEX](#) (Guatemala)



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
Belguim Istanbul Textile and Apparel Exporter Associations

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

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

Dr. Bruno Ferrari García de Alba
Secretary of Economy
Mexico City, 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 bale to \$1.20/lb, 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 cotton at lower prices through an illegal dual pricing program for its domestic producers. This policy guarantees lower prices for Indian mills while also forcing up the worldwide price of cotton for European, Mexican, Turkish and U.S. mills.

In addition, the Indian government action also gives Indian textile mills and apparel producers a significant price advantage against our industries in global markets because their raw materials

costs are significantly less. Thus, the EU, Mexico, Turkey and the U.S. industries are hit by a double injury+because they are injured first by abnormally high cotton prices and, second, from being forced to compete with Indian textile and apparel products that are being sold at subsidized prices.

Among textile producing countries, India's actions have hit our industries with particular force because they have pitted 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. As a result, the U.S. cotton crop, the largest export crop, is being consumed today by China mills at an unprecedented rate.

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 prolonged 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 Hacoit
President of Eurocoton
Brussels, Belgium

Mr. Halit Narin, President of Turkish Textile Employer's Association (TTEA)

Mr. Ismail Gulle; President, Istanbul Textile and Apparel Exporter Associations (Textile Exporters) and
Mr. Hikmet Tanriverdi; President, Istanbul Textile and Apparel Exporter Associations (ITKIB)
(Apparel Exporters)
Istanbul, Turkey

Mr. David Garcia
President of the Cámara 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