At its Annual Meeting in Sao Paulo/Brazil (October 17-19, 2010), the International Textile Manufacturers Federation (ITMF) expressed its concern about soaring cotton prices and their negative implications for the international cotton textile industry. In this context the Federation addressed the following letter to the Indian Minister of Textiles, Mr. Thiru D. Maran.

"Dear Minister Maran,

At its Annual Meeting 2010 in Sao Paulo/Brazil from October 17-19, 2010 the International Textile Manufacturers Federation (ITMF) discussed intensively the extremely difficult situation the global cotton textile industry is facing since several months as a result of soaring raw material prices.

Increases of global cotton prices as such are not unusual if they are market driven and within existing international laws and regulations. The strong increase of global cotton prices since April 2010 from around US Cents 60 to over US Cents 120 in October was not only a result of changes in the international cotton markets both on the demand and supply sides. Certainly lower than expected cotton crops in some countries and stronger than expected demand in many developing countries are justifying higher international cotton prices.

In addition to these changes in the international cotton markets the surge in international cotton prices was also fuelled by the government of India’s decision to restrict exports of cotton since April 2010. In general each country has of course the right to restrict cotton exports within the rules of the WTO. Not acceptable though are restrictions in the forms of delays or bans of cotton exports for already concluded contracts. In international trade sanctity of contracts are a fundamental rule and therefore must be preserved at all times. Government interventions that are undermining the sanctity of contract are distorting the international cotton and textile markets and are therefore affecting negatively large parts of the global cotton and textile industry. Furthermore they are also shedding an unfavorable light not only on the Indian cotton industry but also on the international cotton industry as a whole and are damaging the good image of cotton. In addition such market distortions are also supporting the ongoing trend of cotton being replaced by man-made fibers.

The ITMF therefore urges the Indian government to honor the sanctity of contract and to refrain from unpredictable and unlawful interventions in the international cotton markets by restricting cotton exports from India that have already been concluded.

As the second biggest cotton growing and exporting country ITMF asks the Indian government to help stabilize the international cotton markets in order to prevent extreme ups and downs of cotton prices that are affecting negatively the entire cotton and textile value chain. By applying a predictable cotton policy the Indian government would assist to provide a stable international business framework.

Sincerely yours,

[Signature]

Bashir Ali Mohammad
President

November 10, 2010

[Signature]

Dr. Christian Schindler
Director General"