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POLICY

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India Clarifies Cotton Export Ban Procedures

Report Categories:

Cotton and Products

Agriculture in the News

Trade Policy Incident Report

Trade Policy Monitoring

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Report Highlights:

India's Directorate General of Foreign Trade (DGFT) is allowing exports of an estimated 500,000 170 kg bales (85,000 mt) of cotton that received "let export orders" and had effectively been exported at the time the ban was announced. The Ministry of Commerce is also reviewing and revalidating export registration certificates for up to an estimated 2.5 million 170 kg bales (425,000 mt) that were registered for export but not shipped prior to the ban.

General Information:

India's Directorate General of Foreign Trade has clarified certain procedures related to the approval of additional exports of up to 3.0 million 170 kg bales (500,000 mt) of cotton following India's ban on cotton exports. The procedures do not alter the terms of the ban, but indicate that shipments at land border crossings and those that have received "let export orders" will be given priority.

India's Directorate General of Foreign Trade (DGFT) recently issued three notifications clarifying procedures for exporters seeking to export cotton following the imposition of the March 5 ban on cotton exports. While no new export registrations are currently permitted, the DGFT is allowing exports of an estimated 500,000 170 kg bales (85,000 mt) of cotton that received "let export orders" and had effectively been exported at the time the ban was announced. The Ministry of Commerce is also reviewing and revalidating export registration certificates for up to an estimated 2.5 million 170 kg bales (425,000 mt) that were registered for export but not shipped prior to the ban.

[DGFT Public Notice No. 102 \(RE-2010\)/2009/14](#) dated March 16, 2012, establishes a deadline of March 22 for exporters to submit their export registration certificates (RC) for review and validation. Exporters are asked to provide the details of how much cotton was shipped against an RC (RCs are valid for 30 days and can cover multiple shipments), how much had received a "let export order" and the remaining amount that the exporter is seeking to export.

[DGFT Trade Notice 24](#) dated March 20, 2012, affirms the March 22, 2012 deadline for exporters to submit requests to DGFT to review and validate RCs. The notice also indicates that officials will give priority to reviewing the following situations:

- Shipments currently detained at land border crossings with Pakistan, Nepal and Bangladesh to ease congestion caused by the ban.
- Shipments that were handed over to Customs (had received a "let export order") before 24:00 hours on March 4, 2012.

[DGFT Notice No. 108 \(RE-2010\)/2009/14](#) dated March 22, 2012, exempts up to 5,000 170 kg bales (850 mt) of Assam Comilla cotton produced in the State of Assam in eastern India from the current export ban. This is a small regional shipment of specialty cotton.

Comment: The latest notifications help to clarify some of the procedures involved in securing approval to export additional amounts of cotton, but do not modify the previous terms of the ban. Based on current official and industry estimates, 9.5 million 170 kg bales (1.6 mmt) have been exported thus far; 500,000 170 kg bales (85,000 mt) have received "let export orders" or been "handed over to Customs;" and 2.5 million 170 kg bales (425,000 mt) have received RCs bringing the total of exports and registrations to 13 million 170 kg bales (2.2 mmt); 1.0 million bales (170,000 mt) higher than previously reported. It is not clear how much additional cotton will be approved for export, but it is possible that a significant quantity (up to half) of the 2.5 million bales awaiting RC validation will not be shipped as foreign buyers cancel contracts and exporters opt not to submit validation requests. If the process of

reviewing and validating RCs is delayed significantly, there is a greater likelihood that even larger volumes of registered cotton will not be shipped.

Disclaimer: This summary is based on a cursory review of the subject announcement and therefore should not be viewed under any circumstance, as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests.

Previous Export Ban Notifications

Products Affected: Cotton

Agency in Charge: Department of Commerce, Ministry of Commerce & Industry and Ministry of Textiles, Government of India

A complete list of documents since the inception of the export ban follows:

DGFT Notification No. 102 (RE-2010)/2009-14	March 5, 2012
DGFT Policy Circular No. 58 (RE-2010)/2009-14	March 9, 2012
DGFT Notification No. 106 (RE-2010)/2009-14	March 12, 2012
DGFT Public Notice No. 102 (RE-2010)/2009-2014	March 16, 2012
DGFT Trade Notice 24	March 20, 2012
DGFT Notification No. 108 (RE-2010)/2009-14	March 22, 2012

Ministry of Textiles Press Release	Export of Cotton Prohibited with Immediate Effect, March 5, 2012
Ministry of Textiles Press Release	Ban on Cotton Export, March 6, 2012
Ministry of Textiles Press Release	Anand Sharma Meets MPs on the Issue of Cotton, March 12, 2012
Ministry of Textiles Press Release	Roll Back of Ban on Cotton Exports, March 12, 2012