

# Dhaka to Pay Premium for Assured Cotton Supply

Marked-up price to be finalised soon for long-term supply as Bangladesh seeks to protect its textiles industry

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New Delhi and Dhaka will soon ink a long-term supply contract wherein India will supply an assured quantity of cotton to Bangladesh, but prices will be higher than that in the international market.

Officials from the two countries are expected to meet soon to decide on the quantity and the marked up price. Bangladesh wants assured supply of at least

15 lakh bales (170 kg each) every year, but India is yet to decide how much it could comfortably part with. "Since the government would be taking on a commitment to supply a fixed quantity of cotton every year, it has to get something more than the prevailing prices in the global market. The two sides will decide on a fair mark-up percentage which will depend on the quantity that India commits," the official added.

India also agreed to import a number of textile items from

Bangladesh duty-free and quota-free last year as part of its geo-political strategy to strengthen its position in South Asia by demonstrating increased generosity towards poorer countries. A high-level team from Bangladesh, led by commerce secretary Ghulam Hussain, that visited New Delhi end-March, had extensive discussions with the Indian commerce department on the country's cotton export policy.

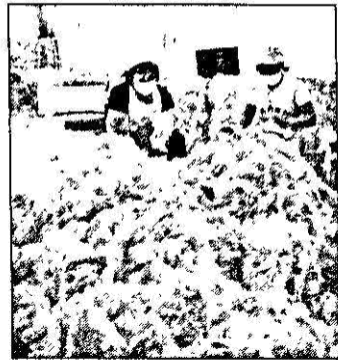
Bangladesh expressed its unhappiness at the frequent chang-

es in India's export policy as it kept its textile industry, which depended on India for cheap and good quality cotton, on tenterhooks. It criticized India's ban on fresh registration for cotton exports, which has since been lifted, and argued that bans led to uncertainty in the global market. Both sides agreed that a contract should be signed between the two countries promising a minimum annual supply of cotton to Bangladesh that would be carried out by the government irrespective of

what the prevailing policy is at any point of time.

"India, however, stressed that the government-to-government deal would be strictly on a commercial basis and Bangladesh has to pay a premium for the assured supply," the official said.

While India has recently restarted fresh registration of cotton for exports after it placed a ban on March 5 fearing a shortage in the domestic market, the situation would be reviewed by the government again in three weeks.



Heavy buying