



62nd Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

MINUTES

THIRD OPEN SESSION

1:45 PM, Tuesday September 9, 2003
Mr. Jerzy Kotwas in the Chair

The CHAIR described the history and purpose of CICC. He described the work done on sanctity of contracts and good trading practices starting in 1975, and the role of ICAC and individual cotton associations in this regard.

The CHAIR introduced Mr. Andrzej Drzodz of the Gdynia Cotton Association to present a report on Stickiness and Foreign Matter. Mr. Drzodz described origins of the foreign matter in cotton, such as hand harvesting. He explained that polyester fibers and foil fragments represent the largest problem for Polish spinners. He described the negative affect of stickiness in cotton on yarn quality and estimated that up to 15% of cotton imported by Poland during the past two years had foreign matter and up to 12% of cotton had stickiness. He suggested that cotton producers work to reduce foreign matter in cotton and that modern spinning mills should be equipped with advanced machinery intercepting foreign matter in cotton, while a meticulous quality control methods should be implemented. Mr. Drzodz suggested that an international agreement on testing instruments should be reached to measure the degree of stickiness and to help resolve disputes arising from this problem.

The CHAIR introduced Mr. Atsushi Hamai of the Japan Spinner's Association to present a report on Problems Caused by Insufficient Knowledge about Cotton Quality: a Spinner's Perspective. Mr. Hamai reported that consumers buy apparel after checking color and design. He said they choose material with a nice touch and feel and is comfortable to wear, durable and does not lose its shape. At the same time, consumers compare quality with price. He mentioned a variety of complaints and claims from customers including rough sewing, discoloration and shrinkage. If and when cotton is the source of the problem, the problems always will show in cotton yarns. Mr. Hamai said that yarn quality is heavily dependant on cotton quality, and for spinners to make desirable and trouble-free yarns, in addition to having desirable qualities as grade, staple length, micronaire and fiber strength, cotton has to be contamination-free with less neps. He indicated that equally important to maintaining yarn quality is the efficiency of high speed spinning operation. In order to control production costs, there is a growing need for higher spinnability cotton. Mr. Hamai described foreign matter contamination, neps and cottonseed fragments, a wide range of micronaire, and stickiness of cotton as major quality concerns for spinners affecting efficiency of operations. He requested that cotton producers address these concerns of spinners and improve spinning properties of cotton. He called on cotton producers in different countries to agree on a single unified classification system based on the U.S. Universal Cotton Standards. Mr. Hamai praised the increasing use of HVI classing in many countries, but suggested that HVI equipment should also measure neps, stickiness, and cottonseed fragments to reflect the real spinning value of cotton.

The CHAIR introduced Mr. Nick Earlam of Plexus Cotton, UK to present a report on Problems Caused by Insufficient Knowledge about Cotton Quality: a Merchant's Perspective. Mr. Earlam reported that cotton is an agricultural product, and is subject to many factors beyond the control of producers and spinning mills should understand that there is a diversity in cotton quality. He noted that since the invention of the HVI, spinning industry has adopted it, and the U.S has implemented HVI classification, certified by the government, while many other countries have not yet switched to the HVI classification, and spinners' expectations of their raw material are greater than the market can deliver. Mr. Earlam said that it is obvious that eventually the world has to adopt HVI as the universal standard classification system, recognizing that different cotton growths have different characteristics attributed to the HVI system. He suggested that there are some concerns about differences in measurements by different machines. However, an international agreement on HVI is needed and ICAC could help to achieve it in order to continue good trading practices.

The CHAIR introduced Mr. Zbigniew Roskwitalski of the Gdynia Cotton Association to present a report on discussions at Breakout Session #2 on the Role of Arbitral Bodies in Encouraging Good Trading Practices.

Mr. Roskwitalski reported that at the session Mr. Robert Williams, the CICCAs secretary, presented information on circumstances that led to a decision to form CICCAs, which now publishes a default list on the website: www.cicca.info and undertakes other measures to ensure that local arbitration, testing and training facilities are denied to defaulting companies. Mr. Roskwitalski reported that Mr. Neal Gillen of The American Cotton Shippers Association (ACSA) made a presentation at the session on ACSA activities and amendments in Bylaws and Rules of ACSA requiring that all members agree to arbitrate with members and non-members, whether or not a contract requires arbitration. Mr. Roskwitalski reported on a presentation. Mr. Williams made at the session on recent decisions that arbitration, testing and other services and facilities provided by the LCA are now restricted to firms who only trade with reputable companies – that is, firms who have not been posted on the LCA Default List, which also includes defaulters reported by CICCAs. He reported that this measure has been included in the LCA's Rules and Bylaws and there has been formed a Preliminary Investigating Committee to determine whether member firms are trading with companies on the default list.

The Secretary General asked Mr. Earlam to explain the role of the ICAC in achieving the International agreement on HVI.

Mr. Earlam explained that as a first step the ICAC should originate the discussion between producers and consumers on the issue of an international agreement and then an agreement should be formulated.

Mr. HAMAI supported the proposal made by Mr. Earlam.

The delegate of BRAZIL asked Mr. HAMAI to explain how to measure stickiness in cotton with instruments and what would be the scale tolerance at spinning mills.

Mr. HAMAI explained difficulties in measuring stickiness on a bale-by-bale basis and its causes.

The delegate of Sudan asked Mr. Hamai to indicate a threshold limit for stickiness in cotton.

Mr. Hamai explained that it is very difficult to set a threshold limit on stickiness.

The delegate of Pakistan supported the proposal to achieve an international agreement on HVI. However he indicated the difficulty in calibrating all HVI machines in the world.

The delegate of Australia said that before an issue of an international agreement on HVI is approached research should be conducted on how to achieve consistency in HVI measurements and proposed to discuss the need to differentiate measurements on fineness and maturity by the HVI.

Mr. Hamai commented that there is a correlation between fineness and maturity, and micronaire measurements are of the most importance.

The delegate of Brazil made a proposal for the implementation of a Universal HVI Classing standard: "The Brazilian Delegation recognizes that there continues to be a wide disparity between the results of HVI instruments through out the world. However the cotton industry from the grower to the textile industry, can no longer wait for perfect machines to be introduced, and we suggest the ICAC examine the possibility of sponsoring or coordinating the introduction of a Universal HVI data standard system, initially with wide tolerances in certain parameters, with the aim of eventually working towards improvements in repeatability.

We believe such an approach might now be undertaken since in today's modern textile environment, laydowns can exceed 100 bales, so that small variations are blended in. Perhaps in the old days, with hand fed cards and later carousels with only 8 bales per blend, more precision was required. In fact it is often stated that today, the variance, in a given laydown based on drawn samples and HVI data, may be less than the variation of the parameters within an individual bale.

Our delegation therefore proposes the formation of an expert panel of the ICAC on HVI testing, with a view to establishing what might be the international disparities, why they occur, how they could be corrected, and then,

make suggestions on the initial level of acceptable tolerances between machines.

The LCA the leading arbitral body for cotton might be asked to chair the panel.”

The delegate of the USA said at there are benefits of HVI classing to both producers and consumers and the ICAC is the right forum to discuss the issue of an HVI agreement.

Mr. Patodia said that there are substantial differences in HVI measurements, and machines should be calibrated first to achieve uniform measurements.

The delegate of the India said that he has reservations regarding the reports presented at the breakout session #2 on measures related to default lists.

The CHAIR summarized the session and indicated the importance of the educational role played by national cotton associations in order to promote good trading practices and resolve problems amicably.

The CHAIR adjourned the meeting at 3:00 pm