

**REPORT
OF THE CHAIRMAN
OF THE STANDING COMMITTEE**

Siphiwe F. Mkhize
South Africa

to the 65th Plenary Meeting of the
**INTERNATIONAL COTTON
ADVISORY COMMITTEE**

Goiânia, Goiás, Brazil

September 11-15, 2006

Mr. Chairman

Distinguished delegates to the 65th Plenary Meeting of the International Cotton Advisory Committee, Observer and Guests:

This year our plenary theme is "The Social and Environmental Impacts of Cotton Production and Use." What a fitting theme for the ICAC meeting held in Brazil.

Well, on behalf of myself, my country South Africa, and the executive director of the International Cotton Advisory Committee, let me express appreciation to the Government of Brazil and the Government of the state of Goiás, and all who have been associated with the hosting of this august 65th Plenary Meeting of the ICAC. We really appreciate and thank every individual who has contributed to this warm hospitality.

As we know that Brazil is a giant in agriculture, it is also fitting that this state, whose economy is largely agricultural with expanding agribusiness and industrial sectors, plays host to the ICAC. This came at the right time as Brazil is also celebrating the 2006 World Food Prize Laureates, Senor Edon Lobato, Senor Alysoon Paolinelli (both Brazilians), and D.r A. Colin McClung (from the USA) for their pioneering work in soil science and policy implementation that opened the vast Cerrado to agricultural production. It is because of these sons of Brazil and the USA that we learned the techniques of treating acid soils, soils which have made cotton production possible in Brazil.

Mr. Chairman, before I report about the activities of the Standing Committee since the 64th Plenary Meeting which was held in Liverpool last year, let me take this opportunity to acknowledge a few individuals who have made it possible for the ICAC to arrive to this Plenary meeting. First, I would like to thank our Executive Director, Dr. Terry Townsend and all members of his staff at the Secretariat, and welcome to this Plenary Meeting for the first time our new Statistician Ms. Armelle Gruère. Mr. Chairman, let me assure you, those individuals are dedicated and committed to the ICAC, and they are diligent in solving and handling cotton issues.

Also I would like to thank all officials and officers who served the Standing Committee during the tenure of my chairmanship. I would like to particularly thank Ms Elena Cores of Spain, who served as First Vice Chair and Mr. Bilgehan Sasmaz of Turkey who served as Second Vice Chair. I want to thank Mr. Douglas Pasgo of Burkina Faso who serves as Chair of the Task Force on Membership. I also want to thank Ms. Andrea Nicandri of Australia and Mr. Michael Keune of Germany. Ms. Nicandri served as the Chair of the Subcommittee on Budget at the start of the fiscal year. Due to other assignments at the Embassy she had to relinquish those responsibilities to Mr. Keune. The work of the Subcommittee on Budget greatly facilitates the functioning of the Standing Committee, and their efforts are appreciated.

Mr. Chairman, the Standing Committee has had a productive year. The 64th Plenary Meeting charged the Standing Committee with continuing the work of the Working Group on Government Measures (WGGM) in order to contribute to discussions in the WTO. The Standing Committee also was charged with looking at membership of the ICAC, working closely with the Secretariat in management of the ICAC affairs, and the Standing Committee works with the Executive Director to see to it that the annual budget is approved, and lastly that the agenda of the 65th Plenary Meeting was approved.

Government Measures Affecting Cotton

Mr. Chairman, the Standing Committee continued to work on this issue and it had a number of meetings and invited a number of guests to talk on this issue. The Secretariat reported that eight countries offered direct income and price support in 2004/05 totaling US\$4.7 billion, and seven countries provided direct support to cotton production in 2005/06 amounting to an estimated \$5 billion. In 2005/06, support included about \$2 billion each in China (Mainland) and the USA, about \$900 million in the European Union, \$69 million in Turkey, \$21 million in Colombia and \$17 million in Mexico. It was also noted that the USA provided about \$200 million for cotton export assistance in 2005/06, including \$11 million for Pima cotton and the balance for Upland cotton.

The WGGM invited different guests, but the one I would like to note was Ambassador Tertius Zongo of Burkina Faso who noted the following as the most important concern of cotton growers from developing countries, especially Africa.

- He emphasized that a successful Doha round has to assure that there is a marked improvement over the current trade-related programs for technical cooperation, including the amount of resources and coverage of African countries.
- He had high hopes that the modalities for agriculture and NAMA (Non-Agriculture Market Access) by the July 2006 deadline would have taken into account the development needs of Africa and LDC members; otherwise the agreement would have been counterproductive. Unfortunately all this was not met as of July 2006.
- He had envisaged that the final agreement has to improve the existing World Bank Integrated Framework designed to provide technical assistance.

It also transpired through these discussions that the USA is committed to full compliance with the WTO cotton case, and that the US government has already taken steps to modify the GSM program, which provides export credit guarantees, and to elimination of the Step 2 program. It was also noted that the US has made some progress on the US West African Cotton Improvement Program and that it had already committed \$7 million to the program and was engaged in discussions on how to scale up assistance.

Mr. Chairman, the ICAC can only encourage such cooperation and congratulate the countries involved. Lastly on the WGGM there is still a big need and task for the Secretariat to continue to monitor government measures affecting cotton and also to follow closely the process of the WTO.

Task Force on Membership

This year we also followed an instruction of the last Plenary and formed a Task Force on Membership. The main jobs of this Task Force were to raise awareness of issues concerning membership, increase membership, encourage countries to return who have unfortunately withdrawn from membership and also to try to address the issue of China (Mainland) membership. After a number of meetings a decision was taken to visit Ambassadors of different countries to talk about membership.

Mr. Chairman, the issue of membership for China (Mainland) was discussed at great length and it was decided that China (Mainland) should be encouraged to seek membership under the current Rules and Regulations of the Committee. We value the participation of China (Taiwan) and recognize the importance of China (Mainland) as the largest cotton producer and consumer.

It is still our great concern that some countries have left the Committee, but we hope that these countries will soon come back to the family of ICAC.

The Social and Environmental Impacts of Cotton production and Use

Mr. Chairman, the 65th Plenary Meeting has returned to the traditional five-day format for an ICAC meeting. This return will help us to do our business and also achieve our objective which is to devote as much time as possible to discussions of cotton matters in which all persons attending may participate. Accordingly, there will be a meeting of the Steering Committee on Thursday to approve the Statement of the Plenary Meeting and elect Standing Committee officers and discuss any other administrative matters. It is in that time that the Executive Director will submit the names of the nominated officials to serve in the coming ICAC annual year of 2007. I fully endorse the nominations of Ms Elena Cores, Attaché (Agriculture) of Spain to serve as Chair of the Standing Committee during the next year, Ms. Cecilia Marincioni, Trade Advisor of Argentina to serve as First Vice Chair and Mr. Jacob Pasgo, Minister Counselor of Burkina Faso as Second Vice Chair. Mr. Pasgo will also continue his excellent work as Chair of the Task Force on Membership.

Mr. Chairman let me also emphasize and encourage various governments to allow or give permission to their serving officials in Washington, DC to attend these plenary meetings. The participation of members of the Standing Committee in plenary meetings is important. The Standing Committee serves as a link in the chain of communication connecting the Standing Committee and Secretariat to plenary meeting delegates from governments and the private sector. The Standing Committee works with the executive director between plenary meetings to direct the work plan of the Secretariat and to implement decisions of the Advisory Committee.

Mr. Chairman, the theme of “the Social and Environmental Impacts of Cotton Production and Use,” is intended to provide an opportunity for constructive evaluation of the impacts of cotton production and on better management practices that lead to improved social and environmental conditions. It is therefore my wish, and that of the Standing Committee, that this theme will be achieved, and we can move toward better management practices that contribute positively to our sustainable livelihood.

ICAC Business matters

Mr. Chairman, one of the important functions of the standing committee is to oversee the budget of the ICAC Secretariat and to approve the scale assessments each year. The standing Committee monitors the budget of the Secretariat through the Subcommittee on Budget, and I have already mentioned its Chair. It is gratifying to note that revenues exceeded expenditures during the 2005-06 fiscal year and that arrears owed to the Secretariat have fallen in recent years. I would like to take this opportunity to thank governments for their efforts to remain current in the payment of assessments to the Secretariat.

The other important function of the Standing Committee is to see to the welfare of the Secretariat staff and also monitor from time to time the running of the office. Mr. Chairman, I have great pleasure to express our gratitude to the leadership of Terry Townsend our Executive Director, as well as to every member of the ICAC staff, who are committed, productive, and their performance is very competent and professional, and I would like to ask the Plenary to recognize them by a big APPLAUSE.

Lastly, a special thank you goes to all delegates and to our host the Government and People of Brazil. Let me wish you a productive Plenary Meeting.

I thank you.