



Statement of the PSAP

**Adopted at the ICAC 78th Plenary
3 December 2019 – Sofitel Hotel, Brisbane, Australia**

1. The private sector acknowledges the significant import of the ICAC.

PSAP reaffirms its commitment to assisting the ICAC Secretariat in reviewing strategic plans as they are developed or revised, offering suggestions and recommendations. In 2020, the PSAP shall form a small working group to focus on how a future ICAC modernised membership structure, including national and international organisations, may look. This to include potential revenue streams for ICAC and attracting more Member Governments, in particular Member Governments from cotton-consuming countries.

2. The PSAP urges that the ICAC continue to be involved with environmental education to ensure the public that cotton is a safe and environmentally friendly product.
3. Government Measures. The PSAP notes that non-sanctioned WTO government subsidies and other trade barriers including embargos, imposition of restrictive tariffs all of which distort prices, production and trade in cotton and cotton products, often to the detriment of producers and consumers. Such measures are damaging to the health of the world cotton economy. The PSAP urges governments to continue to work toward the elimination of practices and programmes that distort prices, production and the trade in cotton and cotton products. Wherever possible, government measures affecting the cotton industry should be designed so that production and trade will be based on market demand.
4. The PSAP recognises that producers and spinners face substantial uncertainty and increasing competitive pressures in the world cotton economy. Accordingly, efforts to educate cotton industry participants regarding the use of modern risk-management alternatives should be encouraged. Educational material should be developed on the use of forward contracts, marketing clubs, options and other derivatives.
5. Contamination of cotton bales with foreign matter, honey dew and seed coat fragments continues to be a problem of serious concern to the entire cotton industry. Contamination reduces the value of cotton and provides an incentive for spinners to use alternative fibres to reduce costs and the risks of product defects and damage to machinery. The ICAC has provided significant assistance in the areas of education and encouragement regarding



contamination, and the PSAP notes that many countries have made significant strides toward the reduction and elimination of contamination. Nevertheless, the problem remains acute. Producing countries should be encouraged to take additional care to avoid contamination in cotton bales. The PSAP recommends that the ICAC continue to educate and raise standards on this issue.

6. Contract sanctity and continuing difficulties with contract defaults. A central function of governments is to provide for the rule of law, and the ICAC has endorsed the concepts of contract fulfilment and compliance with valid arbitral awards. Contract defaults impose costs on the entire cotton chain and make cotton less competitive.

Objectives:

- The ICAC will insist on adherence to good trade practices by all members of the cotton trade.

Strategies:

- Member Governments will continue to support the principles underlying good trade practices.
- The Secretariat will publicise the negative impacts of contract defaults on world cotton trade.
- The Secretariat will participate in efforts to harmonise trading rules.
- The Secretariat will work with the ITMF, CICC and other organisations to analyse the structure, content and performance of both the cotton and cotton yarn industries to aid in understanding the problem of defaults on cotton contracts.
- A long-term reduction in the number of unfulfilled awards issued by recognised arbitral bodies.

7. Members of the PSAP renewed their view that an appropriate role of the ICAC is to produce objective, science-based research about the economic, social and environmental impacts of cotton production. There are inaccurate, negative statements in the press regarding cotton production, including negative statements from one cotton sector about another. The PSAP will be more active in addressing these inaccuracies by disseminating balanced, unbiased information regarding renewable and sustainable cotton production.
8. Cotton has a voice as a Member of the IAG (Industry Advisory Group), where input and recommendations are made to the IPPC (International Plant Protection Convention) to assist in ensuring their development of the global ePhyto system meets the needs of the cotton trade. PSAP urges all governments to join the ePhyto system. PSAP shall also consider methods of transmitting this news, and updates, to the Private Sector.
9. PSAP thanks the Standing Committee for the agreement to the revised Terms of Reference on the Panel, since they will assist in revitalising the Panel and create a more effective two-way communication to the ICAC.



10. PSAP agreed to prepare this 'statement paper', which reviews the major recommendations of the PSAP since its inception. PSAP has further agreed to review this recommendation on an annual basis to ensure it remains relevant to the current climate, suggesting changes as and when required.
11. The PSAP recommends the topic of informational labelling of textile products for discussion at the 2020 Plenary.
12. With the disbanding of the IFCP, the PSAP has agreed to take on much of the role of this former initiative. The new increased Membership of the PSAP includes experts from various countries who are actively involved in national or regional programmes. The PSAP has further agreed to establish a small working group to investigate how the PSAP can assist in coordinating such efforts. While the promotional work of the PSAP will be conducted year-round, there will be a major emphasis on events surrounding World Cotton Day, the global celebration of cotton that launched at WTO headquarters in October. World Cotton Day is a concept that originated at the ICAC, and we will work with national and international cotton associations, as well as the international private sector, to maximise the visibility of this very important day for cotton. PSAP will bear an important responsibility for the promotion of World Cotton Day.
13. PSAP urges all Member Governments to utilise all efforts to circulate the ICAC 'Truth About Cotton' presentations by all available methods within their countries.
14. PSAP urges all Member Governments to encourage all sectors to actively assist with 'sustainability' and 'traceability' initiatives in their countries.
15. Origins, varieties and identity cottons. This has become a serious problem and the PSAP urges member governments to establish criteria to prevent the misrepresentation of origins, varieties and identity cottons.
16. All fibres that are washed produce microfibers. However, cotton is significantly more biodegradable than man-made fibres. PSAP urges all Member Governments to support marketing and regulatory efforts to ensure this message reaches consumers across the globe.
17. Large elements of the Private Sector are unaware of the important role of the ICAC; the PSAP urges Member Governments to encourage their local private trade to interact with PSAP. ICAC is a great tool that can be used by the Private Sector to relay 'needs' to Governments, and vice versa.