



## **1<sup>st</sup> PSAC's EXECUTIVE COMMITTEE MEETING NOTES**

**Tuesday, 22<sup>nd</sup> November 2022  
8:00 a.m. Washington DC time**

- **Executive Committee members who attended the meeting: -**

- ❖ Merchants committee
  - Vice Chair: - Ahmed Elbosaty
  - Third representative: - Peter Wakefield
- ❖ Brands Committee
  - Chair: - Nate Herman from American Apparel and Footwear association
  - Vice Chair: - Claudia Hagedorn from Bremen Cotton Exchange
- ❖ Producers Committee
  - Chair: - Francisco from AAM
  - Third Representative: - John King from American Cotton Shippers Association (ACSA)
- ❖ Textiles Committee
  - Chair: - Anees Khawaja from All Pakistan Textile Mills Association (APTMA)
  - Third Representative: - Mark Sussman from Taiwan Technical Textiles Association

**ICAC Secretariat staff: -**

Kai Hughes (Executive Director)

Parkhi Vats (Commodity Trade Analyst)

- **Elect a Chair for 2023**

Mr. Hughes suggested electing the Chair of the Executive Committee and asked who would like to volunteer. Nobody volunteered so Kai suggested that Peter remains the Chair for the next year. Peter agreed to be the Chair for one year but mentioned that it is important for the Committee to have turnover in chairs and vice chairs.

**The decision was accepted unanimously.**

- **Update on Global Cotton Coordinator**



- Mr. Hughes explained that PSAC is so important because this is the very first time when the whole value chain has a link to governments and the very first time when the whole value chain comes together to look at common issues.
- It is important to start thinking strategically and how we can use the PSAC for the good of cotton. The problem is having the admin support that enables those things to happen.
- In his vision PSAC is overseeing a global event that brings all the value chain together. That takes quite a lot of coordination work but imagine an event bringing everyone together, the value is going to be huge. Coming together to create something special for World Cotton Day is another possibility with a huge potential to do something good for cotton. Now Parkhi is the only support for PSAC, and we need to find someone else.
- ICAC Secretariat has come up with the idea of a Global Cotton Coordinator – someone at a high strategic level who can communicate with other CEOs and government members on behalf of the PSAC. It's a high-level position which will be supported by an administrator.
- Mr. Wakefield added that the idea of the GCC was that someone is independent from the ICAC EC so that we have a view from the PSAC and able to communicate and discuss high-level matters with the EC, with the EC almost representing the governments and the GCC representing the private sector, and those two individuals becoming a link.
- Kai added that he visions that person to be working very closely with the ICAC EC. He also added that the Secretariat has done some initial costings for the period of the next two years. We promised that every organization joining the PSAC would do that for free because we could not show the value of membership fees and we wanted to get the momentum going. Now we have 60 organizations covering four sectors. It is possible to introduce membership fees later when we can show some value. The backup plan is for ICAC to put some money for admin support, but we won't be able to fund the GCC.
- Trying to get people to think strategically about the value of the PSAC is quite difficult. Over the next year we will be working with the PSAC on the Plenary Meeting but also on the World Cotton Day. The WCD was originally an idea of the ICAC, but we already partnered with UN and other major organizations. The WCD next year will be an ideal opportunity for the PSAC to do something special and highlight the private sector.
- My main idea is that we need to think strategically about the PSAC, because it is your chance to lobby governments and to form future policies on the key issues that affect all of you and to increase the demand for cotton.
- Mr. Wakefield said that this Executive Committee will be the focus of taking the information from each of the permanent committees and combining it. We are looking at long-term issues, that is why the committee is kept to a relatively small number of members.



- Anees indicated that he is in complete agreement.
  - Ahmed indicated that it's a great initiative, but he has concerns about getting the funds, because ICAC is almost a governmental organization. If we get funding, there might be a potential conflict of interests keeping in mind that we are going to bring the whole value chain together. How can you deal with it going forward?
  - Kai: the governments have agreed to this composition, but they said that if the private sector wants to do something they need to fund it themselves. So, in terms of the composition of the PSAC, its role, mission, and the way it interacts with the ICAC, everything is fine. This is quite surprising because usually governments think that we should not be talking to the private sector. But they realized now that this is key to ICAC's survival, and we all need to work together.
  - Conflicts are a good point, but the conflicts should not arise when we look at the global issues affecting the whole value chain. There may be conflicts within these issues, but if the starting point is a common desire to come to a solution, it reduces the chances of conflicts moving forward. The very fact we are talking together means that we can resolve those conflicts.
  - Peter explained that the governments' reaction was extremely positive to the constitution of the PSAC. The PSAC Chair attends the ICAC Standing Committee meetings and knows what governments actually talk about and has an opportunity to raise points. So, the PSAC is a part of that process, and it is a big step forward. We are now able to bring in organizations and have somebody represent the committee at the Standing Committee meetings.
  - Mr. Hughes agreed that we could have a subject to discuss at the PM each year. This is a starting point. To my vision having a global cotton textile conference where you have everyone is moving away from one topic to maybe lots of topics. And this is an opportunity for the PSAC to get control over agenda to a certain respect and work in parity with governments.
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- **Brief update on interaction between ICAC's Steering Committee and PSAC's Executive Committee**

The Steering Committee meets generally once a year at the PM, and it is only concerned in the strategic direction of the ICAC. The Steering Committee consists of the people in various capitals at ministerial level. Underneath is the Standing Committee who are the delegates working in the embassies in Washington, they are responsible for textiles, cotton, trade etc. depending on the country and its emphasis on cotton. It is a different and lower level so I would say it is more of an operational board. They keep an eye on



finances and act as a filter for my ideas before they get to the Steering Committee at the end of the year.

- Ahmed said that he is very glad that it is all approved, this is definitely a revolution in the governments' approach to the private sector.
- **Review the reports from each of the four PC's and agree what points are to be included in the final PSAC statement**

Mr. Wakefield thanked everyone for reports and presentations for the PM. What is going to be one document and position that the PSAC is going to present to the governments, what is going to be a summary. We created and circulated a document with the comments. Which are the important points that we should mention?

Mr. Herman said that there is some consensus around the need to address the PEF that the EU is proposing. There were a lot of concerns that whatever Europe agrees to, it will become an international standard; and a concern that the current system fails to capture the full life cycle or impact of fibres and it just focuses on a creation of a fibre and this is biased against natural fibres like cotton. It needs to be changed before the legislation becomes final.

Mr. Ferreira dos Santos agreed with the previous points and added that it is very important to pass down information about cotton because we all know there is a lot of misinformation around cotton, so it is critical to put some effort into that. The PEF may put cotton not in a fair position against manmade fibres.

Mr. Khawaja added that looking at the crisis the cotton consumer is passing through right now he would like to mention 2 things. One: we need to start publishing data about the cost of production, ICAC can do it better. Second: buyers are not completely getting the information on how a shipper gets in or a seller gets in. Maybe that is the support we can lend through ICAC. We start bringing regulation where the buyer has information of how the cotton was created.

Ms. Hagedorn added that it is really important to mention the socio-economic value of cotton because this is something that I found in multiple sources. It is not just a green deal, but millions of people depending on cotton. If that is not handled fairly in the PEF it not only has ecological results but is also a socio-economic danger.

Mr. Wakefield added if we take this and merge it into one document and circulate it for review, will it make sense?



Ms. Hagedorn replied that we should look at the text because there might be some redundancies.

Mr. Ferreira dos Santos stated that it is important to keep the document as simple as possible. I'd rather focus on the key info around cotton and socio-economic and ecological information.

Peter explained that the final document will be short, and we will keep as few points as possible.

Mr. Ferreira dos Santos stated that we need to get a response on why these items are not taken into account. The group needs to be accountable for either accepting or explaining why not.

- **New PSAC objective for 2023**

#### **What are the main objectives for the next year?**

Mr. Hughes explained that he thinks we should think of something that covers all the 4 committees, but the common theme now is climate change and COP26. I will try to come up with something that focuses on climate change and what those strategies are in the various sectors in cotton and how we can bring that together and make proposals.

Peter added to maintain focus on the proposals that we are going to be pushing to the governments at the PM and we are following up on that next year.

A good idea is to take the committee system of ACSA where you have committee reports presented each year, but those reports are maintained and follow through from year to year and the content is reviewed each year, so it remains fresh in everyone's mind. We might do the same thing with governments.

Mr. Hughes agreed. Previously there were no follow-ups on the decisions taken at Plenary Meetings of the ICAC. We need to keep on top of things and monitor the progress of the decisions we made, or governments made to make sure they actually implement them.

Mr. King added that it is important that everybody understands where we started and where we are headed and what our storyline is in this project.

Mr. Ferreira dos Santos agreed and added that we need to keep consistency. From my perspective the first solid step is going to be to make sure that we have representation



because we are still lacking it on the producers' side. This is fundamental to map the key origins and then map the key stakeholders and to make sure that those guys are on board.

Mr. Hughes said that all relating to climate change will be the thing for the couple next years and I think we can create some interest around the practical and viable commercial solutions in the value chain and put that forward to governments with some recommendations.

Mr. King suggested to move from Excel sheets to text documents.

Mr. Khawaja stated the need to take time for creating our agenda.

Mr. Hughes added that must be of interest for each of the permanent committees.

Mr. Wakefield added that we want to stick to a strategic high level and to individual issues.

- **Decision about next meeting**

The committee members agreed for a December meeting.