



PROCEEDINGS

of the 73rd Plenary Meeting



From Land to Brand: Strengthening the Cotton Value Chain

Thessaloniki, Greece
November 2014



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INTERNATIONAL COTTON ADVISORY COMMITTEE

PROCEEDINGS OF THE 73rd PLENARY MEETING

**“From Land to Brand: Strengthening the Cotton
Value Chain”**



ICAC
Washington DC USA

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FOREWORD

On invitation from the Ministry of Rural Development and Food of Greece, the 73rd Plenary Meeting of the International Cotton Advisory Committee (ICAC) took place from November 2-7, 2014 in Thessaloniki.

The International Cotton Advisory Committee is an association of governments having an interest in the production, export, import and consumption of cotton. It is an organization designed to promote cooperation in the solution of cotton problems, particularly those of international scope and significance.

The functions of the International Cotton Advisory Committee, as defined in the Rules and Regulations, are

- To observe and keep in close touch with developments affecting the world cotton situation.
- To collect and disseminate complete, authentic, and timely statistics on world cotton production, trade, consumption, stocks and prices.
- To suggest, as and when advisable, to the governments represented, any measures the Advisory Committee considers suitable and practicable for the furtherance of international collaboration directed towards developing and maintaining a sound world cotton economy.
- To be the forum of international discussions on matters related to cotton prices.

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<https://www.icac.org/mtgs/Plenary/73rd-Plenary/Agenda?lang=en-US>

STATEMENT OF THE 73rd PLENARY MEETING

“From Land to Brand: Strengthening the Cotton Value Chain ”

1. The International Cotton Advisory Committee (ICAC) met in Thessaloniki, Greece, from November 2 to 7, 2014 for its 73rd Plenary Meeting since the establishment of the Committee in 1939. Participation was 401, including representatives from 33 member governments, 9 international organizations and 19 non-member governments.
2. Government policy continues to distort the world cotton market: The Secretariat reported that world cotton consumption in 2014/15 is projected to be below production for the fifth consecutive season and that stocks will reach record levels. Prices were falling and the temptation for countries to intervene in defense of their growers was increasing. The timing and manner of the liquidation of these stocks would help define the fundamentals of the world cotton market over the next several years. Within the last year, changes had occurred in the cotton policies of a few cotton-producing countries. More intervention would only postpone adjustments and lead to increased challenges for participants in the cotton value chain in the long run. Members noted that the statistics and economic studies provided by the ICAC were important to making the cotton market more transparent.
3. Promoting demand for cotton: The importance of ensuring the growth of cotton consumption was emphasized in various presentations from diverse sectors of the textile chain. Two World Café Sessions were dedicated to creatively discuss how to best promote cotton as a brand. ICAC member countries noted the importance of promoting demand for cotton and endorsed efforts to encourage consumption. Cotton had many competitive advantages and was highly valued by consumers. In recent years, high cotton prices had damaged the competitiveness of the product. Prices were now coming down and cotton had become more competitive with man-made fibers. However, competitive pricing was not enough and more proactive promotion actions were required. Cotton is in competition with man-made fibers, not other cottons. ICAC member countries were urged to promote the use of cotton, especially in their internal markets. The International Forum for Cotton Promotion of ICAC should remain closely involved with this work. The Task Force on Commercial Standardization of Instrument Testing of Cotton of ICAC stressed the importance of accurate instrument testing of cotton as a trading tool, since its application would be a further step in improving cotton's market share.
4. Measuring sustainability: The Committee received a report from its Expert Panel on the Social, Environmental and Economic Performance of Cotton Production (SEEP) on “Measuring sustainability in cotton farming systems: Towards a guidance framework.” This report, whose Executive Summary had been reviewed by the Committee at the previous Plenary Meeting, was now in its final stages of preparation for publication. It provided a comprehensive set of sustainability indicators that were designed to be used in the context of cotton cultivation, but could also be usefully applied to other crops. Following recommendations made at the 72nd Plenary Meeting, pilot testing of the indicators was being undertaken in Australia and in projects run by the Food and Agriculture Organization of the United Nations. In addition to monitoring such tests, the SEEP would now evaluate other sustainability assessment tools that affected the world cotton sector.
5. National programs of responsible cotton production: Presentations were made to the Committee from various countries explaining actions taken to produce sustainable cotton. It was suggested that countries must work together through mutual exchange of information to expand these important programs in order to ensure a healthy future for cotton.
6. Cotton Identity Programs: The Task Force on Cotton Identity Programs had expanded its report presented at the previous Plenary to include five programs. The Chair reported that about 1.1 million tons of cotton had been produced under the five identity programs in 2012/13. However, side-by-side comparisons of identity cotton programs could be misleading since each program had different objectives. The updated report will be made available on the ICAC website after final editing. Members of the Task Force considered that they had fulfilled their mandate and that their work was concluded. The Committee thanked the Task Force members for their efforts. Some ICAC members expressed concern at the possibility of Cotton Identity Programs promoting one origin or type of cotton at the expense of others.
7. Contract sanctity: The Plenary hosted a panel discussion on the question of measures that could be introduced to reduce disputes in cotton trading. Panelists noted the importance of contract sanctity to a healthy cotton supply chain. Member governments were reminded of their responsibility, under the New York Convention of 1958, to ensure that arbitration awards were duly recognized by their judicial systems. The concept of contract sanctity centers on the understanding that parties must honor their contractual obligations. The high volatility of cotton prices in 2010/11 put contract sanctity under stress and, although the number of disputes had declined considerably in the recent past, no grounds for complacency existed. The panel noted that the problem of contract sanctity extends further up through the value chain, as weavers, garment manufacturers and retailers also feel free to renege on their commitments. To avoid future disputes over delivery, the panel proposed the universal application of hedging practices to cope with price volatility and the resulting contract defaults, thereby providing insurance against the risks of volatility. Although the Panel stated that this issue primarily concerned the private sector, it could also have repercussions at the government level, especially during the negotiation of free trade agreements. Therefore, the Panel recommended the exploration of mechanisms, such as compulsory insurance, to guarantee the execution of contracts and thereby contractual protection for the industry. Additionally, the establishment of a world yarn contract would assist in offering further protection.

8. Price volatility: Members of the Private Sector Advisory Panel (PSAP) conducted an extensive discussion of factors affecting the volatility of cotton prices. The high volatility of prices in the recent past had damaged the competitiveness of cotton vis-à-vis competing fibers. They requested that the ICAC Secretariat continue to investigate volatility and provide information and analysis on its causes.
9. Prerequisites for textile industry growth: Many Committee members desired to add value to their crop by further processing their production. This issue was the subject of extensive analysis and debate. In the case of smaller countries, one promising possibility was the creation of regional collaboration arrangements to establish economies of scale and exchange experiences. The key factors in the success of the industrial processing of cotton and the attraction of foreign direct investment changed as one moved downstream along the supply chain. In the initial stages, such as spinning and weaving, low labor and electricity costs were crucial. Government policies could also play a considerable role. At later stages in the supply chain, such as garmenting, low labor costs continued to be important but other factors, such as participation in free trade agreements, could be decisive.
10. Completion of the Doha Round: The Committee received a report on cotton from a staff member of the World Trade Organization in the Doha Development Agenda (DDA) and relevant developments at the Bali Ministerial Meeting. The report highlighted the longstanding request of the “C4” group for an end to direct subsidies that distort production and trade in cotton. The Committee noted the production of a specific document on cotton and other outcomes involving agriculture reached at that meeting. It was further noted that the deadline for the adoption of the Protocol of Amendment had passed without any convergence of members. ICAC members reiterated that cotton is an integral part of the DDA and that there can be no successful conclusion of that agenda without an agreement on cotton. The Committee restated the importance of trade policy as a key factor in promoting world economic growth and development, and voiced support for the WTO’s role in promoting free trade.
11. European Union membership: ICAC members reaffirmed their interest in the accession of the European Union to the Committee. Negotiations during the previous twelve months had made progress in narrowing the range of options to be explored, but some difficult issues remained to be resolved. Some ICAC members noted that the Private Sector Advisory Panel had urged governments to ensure that the multiple voices from the private sector continue to be heard by the ICAC. Despite the unresolved issues, ICAC members were confident that a mutually satisfactory solution could be found that would allow the EU to accede to the ICAC.
12. Topic of the 2015 Technical Seminar: ICAC members approved the recommendation of the Committee on Cotton Production Research that the 2015 Technical Seminar would be dedicated to the topic of “Elimination of insecticides from cotton production: Is this possible?”.
13. World Cotton Research Conference: The 6th World Cotton Research Conference (WCRC-6) will be held in Brazil in the city of Goiânia, Goiás, from June 20 to 24, 2016. Pre-registration is now open and additional information on the Conference is available at www.wcrc-6.com. CABI, the Food and Agriculture Organization of the United Nations (FAO), the West and Central African Council for Agricultural Research and Development (CORAF/WECARD) and the Centre de coopération internationale en recherche agronomique pour le développement (CIRAD) are sponsoring the Conference. Major support comes from the ICAC. The WCRC-6 will be organized under the auspices of the International Cotton Researchers Association (ICRA). The International Committee headed by the Chairman of ICRA is advising the local organizing committee.
14. 74th Plenary Meeting: ICAC members welcomed and gratefully accepted the invitation of India to host the 74th Plenary Meeting in 2015.
15. 75th Plenary Meeting: ICAC members welcomed and gratefully accepted the invitation of Pakistan to host the 75th Plenary Meeting in 2016.
16. 76th Plenary Meeting: ICAC members welcomed and gratefully accepted the invitation of Mozambique to host the 76th Plenary Meeting in 2017.
17. Appreciation for the hospitality of Greece: The Committee thanked the people and Government of Greece for their hospitality in serving as host of the 73rd Plenary Meeting. Delegates commented on the warmth of friendship and the quality of the venue provided for the plenary meeting.

**ICAC****SUPPLY AND DISTRIBUTION OF COTTON****November 5, 2014**

Seasons begin on August 1

	2009/10	2010/11	2011/12	2012/13	2013/14 Est.	2014/15 Proj.
	Million Metric Tons					
BEGINNING STOCKS						
WORLD TOTAL	11.752	8.480	9.593	14.727	17.412	20.18
CHINA	3.585	2.688	2.087	6.181	9.607	12.07
USA	1.380	0.642	0.566	0.729	0.848	0.59
PRODUCTION						
WORLD TOTAL	22.250	25.631	27.947	26.773	26.340	26.24
CHINA	6.925	6.400	7.400	7.300	6.929	6.44
INDIA	5.185	5.865	6.239	6.205	6.766	6.80
USA	2.654	3.942	3.391	3.770	2.811	3.54
PAKISTAN	2.158	1.948	2.311	2.002	2.076	2.10
BRAZIL	1.194	1.960	1.877	1.310	1.705	1.51
UZBEKISTAN	0.850	0.910	0.880	1.000	0.940	0.94
OTHERS	3.285	4.606	5.849	5.186	5.114	4.91
CONSUMPTION						
WORLD TOTAL	25.529	24.478	22.730	23.584	23.455	24.42
CHINA	10.192	9.580	8.635	8.290	7.531	7.93
INDIA	4.300	4.470	4.231	4.817	5.042	5.27
PAKISTAN	2.402	2.100	2.217	2.416	2.271	2.31
EAST ASIA & AUSTRALIA	1.892	1.801	1.685	1.981	2.243	2.33
EUROPE & TURKEY	1.600	1.549	1.495	1.553	1.589	1.67
BRAZIL	1.024	0.958	0.897	0.890	0.889	0.89
USA	0.773	0.849	0.718	0.751	0.803	0.83
CIS	0.604	0.577	0.550	0.561	0.586	0.60
OTHERS	2.743	2.592	2.302	2.325	2.501	2.60
EXPORTS						
WORLD TOTAL	7.799	7.725	9.847	10.167	8.865	7.86
USA	2.621	3.130	2.526	2.902	2.268	2.42
INDIA	1.420	1.085	2.159	1.685	2.014	1.23
AUSTRALIA	0.460	0.545	1.010	1.305	1.037	0.66
BRAZIL	0.433	0.435	1.043	0.938	0.485	0.57
CFA ZONE	0.000	0.476	0.597	0.828	0.931	0.96
UZBEKISTAN	0.820	0.600	0.550	0.653	0.650	0.63
IMPORTS						
WORLD TOTAL	7.928	7.725	9.752	9.662	8.753	7.86
CHINA	2.374	2.609	5.342	4.426	3.075	1.98
EAST ASIA & AUSTRALIA	1.989	1.825	1.998	2.352	2.360	2.38
EUROPE & TURKEY	1.170	0.972	0.724	0.833	1.068	0.96
BANGLADESH	0.887	0.843	0.680	0.631	0.987	1.00
CIS	0.209	0.132	0.098	0.062	0.067	0.07
TRADE IMBALANCE 1/ STOCKS ADJUSTMENT 2/	0.129 -0.122	0.001 -0.041	-0.095 0.013	-0.505 0.000	-0.112 0.000	0.00 0.00
ENDING STOCKS						
WORLD TOTAL	8.480	9.593	14.727	17.412	20.184	22.01
CHINA	2.688	2.087	6.181	9.607	12.074	12.55
USA	0.642	0.566	0.729	0.848	0.590	0.88
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA 3/	38	50	61	51	51	57
CHINA 4/	26	22	72	116	160	158
COTLOOK A INDEX 5/	78	164	100	88	91	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China's ending stocks divided by world-less-China's mill use, multiplied by 100.

4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S. cents per pound.

Итоговая декларация 73-го пленарного заседания

«От земли до фабричной марки: укрепление цепи хлопковой стоимости»

1. В период с 2 по 7 ноября 2014 г. в г.Салоники, Греция, состоялось 73-е пленарное заседание учреждённого в 1939 г. Международного консультативного комитета по хлопку (МККХ). В заседании принял участие 401 человек, в том числе представители 33 правительств-членов, 9 международных организаций и 19 правительств-нечленов.

2. **Правительственная политика по-прежнему искажает мировой хлопковый рынок.** Секретариат сообщил, что в 2014-15 г., мировое хлопкопотребление может остаться ниже производства уже 5-й сезон подряд, а запасы могут достичь рекордного уровня. Цены шли вниз, а попытки стран вмешаться в защиту своих хлопкоробов возрастали. Время и способы ликвидации этих запасов помогут определить основополагающие факторы мирового хлопкового рынка на последующие несколько лет. В течение прошлого года произошли перемены в хлопковой политике нескольких стран-хлопкопроизводителей. В долгосрочной перспективе увеличение вмешательства приведёт лишь к задерживанию процесса корректировки и значительным трудностям для участников цепи всех элементов переработки хлопка. Делегаты заявили, что предоставляемые МККХ экономико-статистические исследования были важны для повышения прозрачности хлопкового рынка.

3. **Содействие росту спроса на хлопок.** Важность обеспечения роста хлопкопотребления подчёркивалась в различных докладах, представленных разными секторами текстильной цепи. Две сессии Всемирного кафе были посвящены подробным дискуссиям о методах наилучшего рекламирования хлопка в качестве фабричной марки, причём страны-члены МККХ отметили важность содействия спросу на хлопок и одобрили мероприятия по увеличению потребления. Хлопок имеет много конкурирующих преимуществ, и его высоко ценят многие потребители. В последние годы высокие цены на хлопок принесли ущерб конкурентоспособности этого продукта. Сейчас цены идут вниз, и хлопок стал более конкурентоспособным против искусственных волокон. Однако конкурентное ценообразование было недостаточным, а поэтому требовалось проводить более агрессивную политику рекламирования. Хлопок конкурирует с искусственными волокнами, а не с другими видами хлопка. Страны-члены МККХ попросили рекламировать использование хлопка, особенно на их внутренних рынках. Международный форум по рекламированию хлопка при МККХ должен быть тесно связан с этой работой. Рабочая группа по коммерческой стандартизации инструментального испытания хлопка при МККХ подчеркнула важность точного инструментального испытания хлопка как механизма торговли хлопком, т.к. его применение послужит принятию дальнейших шагов для расширения рыночной доли хлопка.

4. **Измерение устойчивости.** МККХ заслушал доклад Экспертной группы по социальным, экологическим и экономическим характеристикам хлопкопроизводства (СЭЭХ) под названием «Измерение устойчивости систем выращивания хлопка: на пути к управленческой схеме». Этот доклад, краткая аннотация которого была обсуждена Комитетом на предыдущем пленарном заседании, сейчас находится на конечном этапе подготовки к публикации. В нём обозначен комплексный набор показателей устойчивости, которые должны применяться в контексте выращивания хлопка, но могли быть также полезными по отношению к другим культурам. Следуя рекомендациям 72-го пленарного

заседания, было проведено экспериментальное испытание таких показателей в Австралии и в проектах, реализуемых Продовольственной и сельскохозяйственной организацией ООН. Кроме того, для мониторинга таких испытаний СЭЭХ сейчас будет определять другие механизмы оценки устойчивости, которые влияли на мировой хлопковый сектор.

5. Национальные программы ответственного хлопкопроизводства. МККХ заслушал доклады различных стран, в которых проводились мероприятия по устойчивому производству хлопка. Было предложено, чтобы страны работали вместе и проводили взаимный обмен информацией для расширения масштабов этих важных программ с целью обеспечения успешного будущего хлопка.

6. Программы идентичности хлопка. Рабочая группа по программам идентичности хлопка расширила масштабы своего доклада, представленного на предыдущем пленарном заседании, и включила в него 5 программ. Председатель группы сообщил, что в 2012-13 г. в соответствии с пятью программами идентичности было произведено около 1,1 млн. тонн хлопка. Однако параллельное сравнение программ идентичности хлопка могло вводить в заблуждение, ибо каждая программа имела различные цели. Пересмотренный доклад будет помещён на веб-сайте МККХ после его окончательного редактирования. Члены Рабочей группы считают, что они закончили свою деятельность и завершили свою работу. Комитет поблагодарил членов Рабочей группы за их усилия. Некоторые члены МККХ выразили свою озабоченность относительно возможностей программ идентификации хлопка рекламировать какое-то одно происхождение или один вид хлопка за счёт других.

7. Святость контрактов. На пленарном заседании прошла групповая дискуссия по вопросам принятия мер, способных уменьшить количество споров при торговле хлопком. Была отмечена важность святости контрактов для укрепления цепи всех элементов переработки хлопка. Правительствам-членам напомнили об их ответственности - на основании Нью-Йоркской конвенции от 1959 г. - в деле обеспечения обязательного признания арбитражных решений своими судебными системами. Концепция святости контрактов основана на понимании того, что стороны должны уважать свои договорные обязательства. Высокая волатильность цен на хлопок в 2010-11 г. привело к тому, что святость контрактов испытывала определённый стресс, хотя количество споров в последнее время существенно уменьшилось, не стоит успокаиваться. Было отмечено, что проблема относительно святости контрактов ещё больше расширяется по всей цепи всех элементов переработки хлопка, так как ткачи, изготовители готовой одежды и агенты по розничной торговле тоже легко могут нарушать свои обязательства. Во избежание появления будущих споров относительно поставок было предложено широко использовать методы хеджирования с тем, чтобы справиться с непостоянством цен и возникающими дефолтами контрактов, что может обеспечить страхование против рисков волатильности. Хотя члены группы отметили, что этот вопрос в основном относится к частному сектору, он также может иметь последствия на правительственном уровне, особенно при проведении переговоров о соглашениях по свободной торговле. Поэтому группа рекомендовала рассмотреть такие механизмы, как обязательное страхование, которое сможет гарантировать исполнение контрактов и соответствующую их защиту во всей индустрии. Помимо этого, дальнейшую защиту сможет обеспечить внедрение мирового контракта по пряже.

8. Непостоянство цен. Созданная при Комитете Консультативная группа частного сектора (КГЧС) провела подробные дискуссии относительно факторов, влияющих на непостоянство цен на хлопок. Высокое непостоянство цен в последние годы нанесло ущерб конкурентоспособности хлопка по сравнению с конкурирующими волокнами. Было предложено, чтобы Секретариат МККХ продолжал исследование проблемы непостоянства и предоставлял информацию и анализ по этим вопросам.

9. Предпосылки роста текстильной промышленности. Многие члены Комитета хотели бы дополнительные доходы от своих культур путём дальнейшей переработки продуктов производства. Этот вопрос был предметом детального анализа и серьезных споров. В случае небольших стран одной из обещающих возможностей было создание соглашений о региональном сотрудничестве с целью установления экономии масштабов и обмена опытом. Ключевые факторы успешной промышленной переработки хлопка и методы привлечения прямых иностранных инвестиций изменились по мере того, как появились понижающие тенденции по всей цепи всех элементов переработки хлопка. На таких первоначальных этапах, как прядение и вязание основными факторами были низкая стоимость труда и электричества. Также существенную роль может играть правительственная политика. На таких последующих этапах цепи элементов переработки хлопка, как изготовление готового платья и низкая стоимость рабочей силы становятся весьма важными, но также и другие факторы, как участие в соглашениях о свободной торговле, могут быть весьма решительными.

10. Завершение Дохийского раунда переговоров. Комитет заслушал доклад члена Всемирной торговой организации о положении хлопка в Дохийской повестке дня по развитию (ДДА) и относительно событий министерского заседания в Бали. В докладе отмечался долгосрочный запрос группы «С-4», относящийся к окончанию предоставления прямых субсидий, искажающих производство и торговлю хлопком. Комитет отметил подготовку конкретного документа по хлопку и другие результаты, касающиеся сельского хозяйства, которые были обсуждены на указанном заседании. Было также отмечено, что, конечный срок принятия Протокола поправок был принят без какого-либо согласования между членами. Члены МККХ подтвердили тот факт, что хлопок является неотъемлемой частью ДДА и что не может быть достигнуто успешное завершение ДДА без соглашения по хлопку. Комитет ещё раз отметил важность торговой политики как ключевого фактора в деле содействия росту и развитию мировой экономики, а также выразил поддержку роли ВТО в процессе содействия свободной торговли.

11. Членство Европейского Союза. Члены МККХ подтвердили свой интерес в присоединении ЕС к Комитету. Проводимые в предыдущие 12 месяцев переговоры достигли определённого прогресса в деле сужения диапазона вариантов, которые нужно исследовать, но всё же отметили необходимость решения некоторых из оставшихся трудных вопросов. Члены МККХ отметили, что Консультативная группа частного сектора призвала правительства к тому, чтобы МККХ по-прежнему прислушивался к многочисленным голосам участников частного сектора. Несмотря на такие неразрешённые вопросы члены МККХ выразили уверенность в том, что можно найти взаимоприемлемое удовлетворительное решение, которое позволит ЕС присоединиться к МККХ.

12. Темы технического семинара в 2015 году. Члены МККХ одобрили рекомендации Комитета по исследованиям в области хлопкопроизводства относительно того, что

технический семинар в 2015 году будет посвящён теме «Изъятие инсектицидов из хлопкопроизводства. Это возможно?»

13. Всемирная конференция по исследованию хлопка. 6-я Всемирная конференция по исследованию хлопка пройдёт с 20 по 24 июня 2016 г. в Бразилии в г. Гояния, шт. Гояс. Сейчас можно заранее зарегистрироваться, причём дополнительная информация об этой конференции имеется на сайте www.wcrc-6.com. Спонсорами конференции являются КАБИ, ФАО при ООН, КОРАФ и СИРАД. Основная поддержка осуществляется МККХ. Указанная конференция будет проведена под эгидой Международной ассоциации исследователей в области хлопка (ИКРА). Консультантом местного оргкомитета является Международный комитет, возглавляемый председателем ассоциации ИКРА.

14. 74-е пленарное заседание. Члены МККХ приветствовали и с благодарностью приняли предложение Индии провести 74-е пленарное заседание в 2015 г.

15. 75-е пленарное заседание. Члены МККХ приветствовали и с благодарностью приняли предложение Пакистана провести 75-е пленарное заседание в 2016 г.

16. 76-е пленарное заседание. Члены МККХ приветствовали и с благодарностью приняли предложение Мозамбик провести 76-е пленарное заседание в 2017 г.

17. Благодарность за гостеприимство Греции. Комитет поблагодарил народ и правительство Греции за проявленное гостеприимство при проведении 73-го пленарного заседания. Делегаты отметили теплоту, дружбу и высокое качество объектов, предоставленных для проведения пленарного заседания.

الخاص الاستشارية كانت حثت الحكومات على الضمان بأن يستمر أعضاء اللجنة في الاستماع إلى الأصوات المتعددة الصادرة من القطاع الخاص. وبالرغم من تلك القضية التي لم تُحل بعد ظل أعضاء اللجنة الاستشارية الدولية للقطن (ICAC) واثقين بأن حلا مرضيا للطرفين يمكن إيجاده من أجل السماح للاتحاد الأوروبي بالانضمام إلى عضوية اللجنة.

12- موضوع الندوة الفنية للعام 2015: وافق أعضاء اللجنة الاستشارية الدولية للقطن (ICAC) على توصية اللجنة المعنية ببحوث انتاج القطن الداعية الى تكريس الندوة الفنية للعام 2015 لموضوع " اقضاء مبيدات الحشرات من انتاج القطن: هل هذا ممكن؟"

13- مؤتمر البحوث الخاصة بالقطن العالمي: يعقد المؤتمر السادس الخاص ببحوث القطن العالمي (WCRC-6) في مدينة غويانيا في ولاية غوياس بالبرازيل في الفترة بين العشرين والرابع والعشرين من شهر يونيو حزيران سنة 2016. وباب التسجيل المسبق مفتوح الآن وهناك معلومات إضافية حول المؤتمر موجودة على الموقع الالكتروني www.wcrc-6.com. وسيعقد هذا المؤتمر بدعم كل من مؤسسة كابي CABI ومنظمة الاغذية والزراعة التابعة للأمم المتحدة (FAO) ومجلس غرب ووسط افريقيا للبحوث والتنمية الزراعية (CORAF/WE CARD) بالإضافة الى مركز التعاون الدولي الخاص بالبحوث والتنمية الزراعية (CIRAD). كما أنه يحظى بتأييد كبير من اللجنة الاستشارية الدولية للقطن (ICAC). هذا وسوف يتم تنظيم مؤتمر WCRC-6 تحت رعاية الرابطة الدولية لباحثي القطن (ICRA). كما تقوم اللجنة الدولية برئاسة رئيس هذه الرابطة بتقديم المشورة الى اللجنة التنظيمية المحلية لذلك المؤتمر.

14 - الجمعية العمومية الرابعة و السبعين : قبلت اللجنة الاستشارية الدولية للقطن (ICAC) الدعوة التي وجهتها حكومة الهند لاستضافة اجتماعات الجمعية العمومية الرابعة و السبعين في شهر نوفمبر/ تشرين الثاني في مدينة ممباي.

15 - الجمعية العمومية الخامسة و السبعين: رحب أعضاء اللجنة الاستشارية الدولية للقطن (ICAC) وقبلوا بامتنان دعوة الباكستان لاستضافة اجتماعات الجمعية العمومية الخامسة والسبعين في سنة 2016.

16 - الجمعية العمومية السادسة و السبعين: رحب أعضاء اللجنة الاستشارية الدولية للقطن (ICAC) وقبلوا بامتنان الدعوة التي وجهتها موزمبيق لضيافة اجتماعات الجمعية العمومية السادسة والسبعين في سنة 2017.

17 - تقدير لضيافة اليونان: تقدمت اللجنة الاستشارية الدولية للقطن (ICAC) بشكرها إلى شعب وحكومة اليونان لحسن الضيافة التي أبدوها لدى استضافتهم اجتماعات الجمعية العمومية الثالثة والسبعين. كذلك علقت الوفود على دفئ الصداقة وجودة المكان الذي تم توفيره لاجتماعات الجمعية العمومية.

ترقى عبر سلسلة القيمة لتصل الذين يحيكون الأقمشة وصناع الملابس الجاهزة وباعة التجزئة الذين هم أيضا يشعرون بحرية التخلي عن التزاماتهم. وبغية تفادي المزيد من النزاعات المتعلقة بتوصيل الطلبات في المستقبل اقترحت الهيئة تطبيقا عالميا لممارسات تحوطية من أجل مواجهة تقلبات الأسعار وما يتبعها من التخلف عن الوفاء بالعقود وبذلك يحصلوا على تأمين ضد مخاطر التقلبات. وبالرغم من أن الهيئة ذكرت أن المسألة في الأساس تهم القطاع الخاص، إلا أنه من الممكن أن يكون لها تبعات على مستوى الحكومات خاصة أثناء مفاوضات اتفاقيات التجارة الحرة. لذلك ترفع الهيئة توصية للحكومات من أجل البحث عن آليات مثل تأمين إجباري لضمان تنفيذ العقود وبالتالي توفير الحماية التعاقدية لصناعاتها. بالإضافة إلى ذلك فإن تأسيس عقد عالمي للمغزولات سوف يساعد في توفير حماية إضافية.

8 - تقلبات الأسعار: أجرى أعضاء هيئة القطاع الخاص الاستشارية (PSAP) نقاشا مستفيضا حول العوامل المؤثرة في تقلبات أسعار القطن. إن التقلبات العالية في الأسعار في الماضي القريب أضرت بتنافسية القطن مع الألياف المنافسة. وطلب أعضاء الهيئة من اللجنة الدولية الاستشارية للقطن (ICAC) أن تستمر أمانتها العامة في التحقيق في أسباب التقلبات وإعطاء معلومات وتحليلات عنها وعن مسبباتها.

9 - المتطلبات المسبقة للنمو في صناعة المنسوجات: رغب العديد من أعضاء اللجنة أن يضيفوا القيمة لمحاصيلهم من خلال المعالجة الإضافية لإنتاجهم. وقد كانت هذه المسألة موضوع تحليل ونقاش مسهبين. ففي حالة البلدان، كانت هناك إمكانية واعدة متمثلة في تأسيس ترتيبات إقليمية للتعاون من شأنها أن تحقق وفورات الحجم وتبادل الخبرات. إن العامل الرئيسي لنجاح التجهيز الصناعي للقطن واجتذاب الاستثمارات الأجنبية المباشرة يتغير فيما ينتقل المرء باتجاه المراحل الأولية على طول سلسلة القيمة. ففي مراحل الغزل والحياكة والعمالة المنخفضة وتكلفة الكهرباء فهي كلها أمور حاسمة يمكن لسياسات الحكومات أيضا أن تلعب دورا هاما فيها. أما في مراحل لاحقة ضمن سلسلة القيمة مثل تصنيع الملابس الجاهزة ظلت تكلفة العمالة المنخفضة تعتبر أمرا هاما إلا أن عوامل أخرى على غرار الاشتراك في اتفاقيات التجارة الحرة يمكن أن تكون حاسمة أيضا.

10 - اكتمال دورة الدوحة: تلقت اللجنة تقريرا من موظفي منظمة التجارة العالمية حول موضوع القطن في أجندة التنمية لدورة الدوحة والتطورات ذات العلاقة التي بُحِثت في الاجتماع الوزاري في بالي. وذكرت اللجنة أن وثيقة حول القطن تحديدا والنتائج الأخرى المتعلقة بالزراعة قد تم التوصل إليها في ذلك الاجتماع، غير أن الأجل النهائي لاعتماد بروتوكول التعديل قد أقر بدون أي تقارب بين الأعضاء. لذلك فإن الالتزام بمعاملة القطن بصورة طموحة وسريعة وبصورة خاصة لم يتم الوفاء به. ولقد أعاد أعضاء اللجنة الاستشارية الدولية للقطن (ICAC) التأكيد على أن القطن هو جزء لا يتجزأ من أجندة الدوحة للتنمية. وأنه لن يكون هناك أي خاتمة ناجحة لتلك الأجندة بدون اتفاق حول القطن. وأعادت اللجنة بيان أهمية السياسات التجارية كونها عاملا رئيسيا في تشجيع النمو والتطور الاقتصادي العالمي وأبدت دعمها لدور منظمة التجارة العالمية في تشجيع التجارة الحرة.

11 - عضوية الاتحاد الأوروبي: أعاد أعضاء اللجنة الاستشارية الدولية للقطن (ICAC) التأكيد على اهتمامهم بانضمام الاتحاد الأوروبي إلى عضوية اللجنة. ولقد تم إحراز تقدم في المفاوضات التي جرت خلال الاثني عشر شهرا الماضية في تضيق نطاق الخيارات التي سينظر فيها ولكن بعض القضايا الصعبة تظل في انتظار حل لها. وذكر بعض أعضاء اللجنة الاستشارية الدولية للقطن (ICAC) أن هيئة القطاع

للقطن (ICAC) على تشجيع استعمال القطن وبشكل خاص في أسواقهم الداخلية. هذا وينبغي على المنتدى الدولي للترويج للقطن التابع للجنة الاستشارية أن يظل منخرطاً بشكل وثيق في تلك الأعمال.

وأكدت لجنة العمل المعنية بالمعايرة التجارية لفحص القطن آليا التابعة للجنة الاستشارية الدولية للقطن على أهمية اختبار القطن آليا بصورة دقيقة كون هذه الطريقة ما هي إلا أداة تجارية لأن استخدامها سيكون بمثابة خطوة أخرى باتجاه تحسين حصة القطن في السوق.

4 - قياس الاستدامة: تلقت اللجنة تقريراً من هيئة الخبراء المعنية بالأداء الاجتماعي والبيئي والاقتصادي لإنتاج القطن (SEEP) حول قياس الاستدامة في أنظمة زراعة القطن. وقامت اللجنة في اجتماع سابق للجمعية العمومية بمراجعة خلاصة التقرير الذي جاء تحت عنوان "باتجاه إطار إرشادي" والذي يجري الآن استكمال المراحل النهائية لنشره. قدم التقرير مجموعة شاملة من مؤشرات الاستدامة التي صُمِّمت للاستعمال ضمن سياق زراعة القطن والتي يمكن أيضاً الاستفادة من تطبيقها على محاصيل أخرى. وبعد التوصيات التي رُفِعت أثناء اجتماعات الجمعية العمومية الثانية والسبعين جرت اختبارات ريادية للمؤشرات في استراليا وفي مشاريع تديرها منظمة الأغذية والزراعة التابعة للأمم المتحدة. وبالإضافة إلى رصد تلك الاختبارات ستقوم الآن هيئة الخبراء المعنية بالأداء الاجتماعي والبيئي والاقتصادي لإنتاج القطن (SEEP) بتقييم أدوات الاستدامة الأخرى التي من شأنها التأثير في قطاع القطن العالمي.

5 - البرامج الوطنية المعنية بإنتاج القطن بصورة مسؤولة: قُدمت عروض إلى اللجنة من بلدان مختلفة تشرح الإجراءات المتخذة لإنتاج القطن بصورة مستدامة. وتم الاقتراح بأنه ينبغي على الدول أن تعمل معا من خلال تبادل المعلومات من أجل توسيع هذه البرامج الهامة لكي تشمل كل البلدان المنتجة وذلك بغية ضمان مستقبل زاهر للقطن.

6 - برامج تحديد أنواع القطن: قامت مجموعة العمل المعنية بتحديد أنواع القطن بتوسيع تقريرها الذي قدمته في الجلسة العمومية السابقة ليشمل خمسة برامج. وذكر الرئيس أن حوالي 1,1 مليون طن من القطن جرى انتاجها في ظل البرامج الخمسة لتحديد هوية القطن في 2012/2013. ولكن يمكن أن تكون المقارنة بين برنامج وغيره من ضمن هذه البرامج الخمسة مضللة إذ أن كل برنامج له غايات تختلف عن البرامج الأخرى. إن التقرير المحدث سوف يكون متوفراً على الموقع الإلكتروني للجنة الاستشارية الدولية للقطن (ICAC) بعد الانتهاء من مراجعته. هذا وقد اعتبر أعضاء مجموعة العمل أنهم أكملوا الواجب الموكل إليهم وبذلك يكون عملهم قد انتهى. وجهت اللجنة شكرها لأعضاء مجموعة العمل للجهود التي بذلوها إلا أن بعض الأعضاء في اللجنة الاستشارية الدولية للقطن (ICAC) أعربوا عن قلقهم من إمكانية ترويج برامج تحديد هوية القطن لقطن من أصل أو نوع على حساب أصول وأنواع غيرها.

7 - حرمة العقود: استضافت الجمعية العمومية هيئة لنقاش مسألة الإجراءات التي يمكن اتخاذها لتقليل النزاعات في تجارة القطن. ونوّه أعضاء الهيئة بأهمية حرمة العقود في سلسلة إمداد ناجحة في قيمة القطن. وقد تم تذكير الحكومات الأعضاء بمسؤوليتهم في التأكيد على احترام قرارات التعويض الصادرة عن التحكيم بموجب بنود ميثاق نيويورك لسنة 1958 من قِبَل نُظُمها القضائية. إن مفهوم حرمة العقود يركز على الفهم بأن أطراف العقود يجب أن يوفوا بالتزاماتهم التعاقدية. والتقلبات في أسعار القطن في سنة 2010/2011 عرّضت حرمة العقود إلى ضغوط، وبالرغم من أن عدد النزاعات انخفض بصورة ملحوظة في الماضي القريب إلا أنه لا توجد أي أرضية للتهاون في الأمر. وذكرت الهيئة أن مشكلة حرمة العقود تمتد إذ أنها

البيان الختامي

للجلسة العمومية الثالثة والسبعين

"من الزراعة حتى الإنتاج النهائي: تقوية سلسلة القيمة للقطن"

1 - اجتمعت اللجنة الاستشارية الدولية للقطن (ICAC) في مدينة تيسالونيكي في اليونان في الفترة بين الثاني والسابع من شهر نوفمبر / تشرين الثاني 2014 في جلستها الثالثة والسبعين منذ إنشاء اللجنة في سنة 1939. وقد اشترك في الاجتماعات 401 مشاركاً، من بينهم ممثلون عن ثلاثة وثلاثين حكومة من الأعضاء وتوسع منظمات دولية وتسعة عشر من حكومات ليست أعضاء.

2 - السياسات الحكومية تستمر في تشويه سوق القطن العالمية: ذكرت الأمانة العامة أن الاستهلاك العالمي من القطن يتوقع أن يكون في موسم 2014/2015 أقل من الانتاج للموسم الخامس على التوالي، وأن المخزون سيصل إلى مستويات قياسية. أما الأسعار فكانت تتناقص والإغراء كان يتزايد عند البلدان للتدخل دفاعاً عن المنتجين فيها. وتوقيت وطريقة تصفية تلك الكميات المخزونة سيساعد في تعريف الأساسيات المتعلقة بسوق القطن على مدى عدة سنوات قادمة. ففي السنة الماضية حدثت تغييرات في السياسات القطنية في قليل من البلدان المنتجة للقطن والمزيد من التدخل من شأنه أن يؤدي فقط إلى تأجيل التعديلات ومن ثم إلى زيادة التحديات التي تواجه المشاركين في سلسلة القيمة للقطن على المدى الطويل. وذكر الأعضاء أن الإحصائيات والدراسات الاقتصادية التي قدمتها اللجنة الاستشارية الدولية للقطن (ICAC) كانت مهمة إذ جعلت سوق القطن أكثر شفافية.

3 - تشجيع الطلب على القطن: لقد تم التأكيد على أهمية ضمان نمو استهلاك القطن من خلال المحاضرات المختلفة التي قُدمت من قطاعات متنوعة في سلسلة انتاج المنسوجات وعقدت جلستان للمقهي العالمي حيث كُرسا للبحث بإبداعية في كيفية أفضل الطرق لتشجيع القطن بوصفه صنفاً بعلامة. وكذلك نوّه ممثلو الدول الأعضاء في اللجنة الاستشارية الدولية للقطن (ICAC) بأهمية الترويج للطلب على القطن ووافقوا على الجهود المبذولة لتشجيع الاستهلاك منه. إن القطن يتحلى بكثير من المزايا التنافسية ويحظى بتقدير عالٍ من المستهلكين. وفي السنوات الأخيرة أدت الأسعار العالية للقطن إلى الاضرار بالتنافسية منتجاته. والأسعار الآن آخذة في الانخفاض وأصبح بذلك القطن منافساً أكبر للألياف المصطنعة. ولكن الأسعار التنافسية لم تكن كافية مما يوجب تشجيع إجراءات عمل أكثر استباقية ذلك أن القطن في تنافس مع الألياف المصطنعة وليس مع أقطان أخرى. كذلك جرى حث البلدان الأعضاء في اللجنة الاستشارية الدولية

Inaugural Session

9:00 hr. Monday, November 3, 2014

Ms. Ioulia Drossinou, Head of Department, Ministry of Rural Development and Food, (Greece) in the Chair

The CHAIR of the Organizing Committee Ms. Ioulia Drossinou, Head of Department, Ministry of Rural Development & Food (Greece) presented welcoming remarks to the 73rd Plenary Meeting of the ICAC. She noted that Greece was a member of the ICAC since 1947 and had hosted the 27th Plenary Meeting in Athens in 1968. She highlighted economic importance of cotton as one of the “flagship” agricultural products in Greece, with production, yield and exports among the highest in the world. Ms. Drossinou observed that global cotton production and industry are facing uncertain times with unpredictable price swings, changes in supply and demand and coming technological breakthroughs. She said that this Plenary Meeting was a good opportunity to discuss issues of mutual interest of all participants in the cotton value chain and to generate ideas, concepts and promote future collaboration. She noted that the theme of this meeting and its agenda are comprehensive and cover a wide variety of topics for discussion. The coming discussion should provide a meaningful input and could contribute towards building strategic global partnerships. She thanked the ICAC and Mr. José Sette, the Executive Director for the opportunity to host the 73rd Plenary Meeting in Thessaloniki and hoped that the participants would enjoy the magnificent city, one of the greatest cities of the Balkans, its history, beauty and charm. Ms. Drossinou welcomed all participants and wished an enriching and inspiring conference ahead.

Mr. Giorgos Karasmanis, Minister of Rural Development & Food presented inaugural remarks. On behalf of the Government of Greece he welcomed all participants to Greece and highlighted the importance of cotton to the economy of Greece and the European Union (EU). He noted that Greece is the largest cotton producer and exporter in the EU with 55,000 production units, dozens of ginning mills and other enterprises that support creation of significant opportunities for employment. Mr. Karasmanis described the challenges faced by cotton industry, including strong competition from chemical fibers, price volatility, transportation and technological advancement issues and other critical issues. He noted that the theme of this Plenary Meeting “From Land to Brand: Strengthening the Cotton Value Chain” was very appropriate in addressing these challenges and that the themes of the sessions covered important matters such as promotion of cotton use, improvement of cotton productivity and efficiency, sustainable production practices and others. He wished for a very fruitful discussion. He welcomed participants

to historical Thessaloniki and wished them to learn more about modern Greece. He expressed his hope for a very successful Plenary Meeting.

Mr. Mario Rodríguez of Colombia, host of the 72nd Plenary Meeting, welcomed delegates to the 73rd Plenary Meeting on behalf of the Government of Colombia. He noted that the 72nd Plenary Meeting in Cartagena became an important event for the government, producers and textile industry in support of production, employment and regional development. He thanked the Government of Greece and the organizing committee for an opportunity to hold a meeting in a country with such great historical heritage. He noted that democracy, philosophy and the Olympic games remind us of the role Greece played in forming Western civilization. He thanked the people of Thessaloniki for the opportunity to know the city and for their hospitality. The comprehensive agenda of this meeting was important to producers and consumers of cotton and would provide answers to issues of relevance to the future of the cotton value chain, and the discussions should serve to strengthen it. He expressed his confidence that the deliberations and conclusions would help the ICAC to find solutions for problems faced by producers and consumers. He noted that transparency in trading should help to reduce price volatility. He thanked the Secretariat and Mr. José Sette, the Executive Director, for their dedication, which should guarantee the success of this plenary. He wished success to Mr. Sette in his work for the benefit of cotton and to the delegates in their deliberations.

Invitation from India, Host of the 74th Plenary Meeting

Mr. Subrata Gupta, Jute Commissioner, Ministry of Textiles, India, on behalf of the Textile Commissioner and the Government of India, invited ICAC to hold the 74th Plenary Meeting in Mumbai during November 2015. He pointed to the significance of the fact that India’s production during the current season is expected to reach a record of 40 million bales. He said that India would provide a forum where the representatives of the cotton value chain would put forth their respective viewpoints on the emerging global market. Mr. Gupta noted that, on the cultural side, India offered its visitors its great civilization, rich culture, history and heritage. India presented its unique and striking feature of “Unity in Diversity” in all spheres of activities. India is also bestowed with eye-catching scenic beauty in every part of the country: the snow-capped mountains in Kashmir, the lush green fields of the Gangetic Plains, Taj Mahal, the Symbol of love, the fortress & places of Rajasthan, the Ajanta & Ellora caves, the architecture-laden temples of the South and the rich flora and fauna

of the North-East. He expressed his hope that the delegates would be able to attend the 74th Plenary Meeting of the ICAC to share opinions and experiences of the ever-changing world of cotton and textiles. India looked forward to welcoming participants in Mumbai in November of 2015.

The CHAIR introduced Dr. Chris Parker of Australia, Chair of the Standing Committee, to present his report.

Dr. Parker reported that the most important task facing the Standing Committee since the 72nd Plenary Meeting in Cartagena had been the consideration of the terms of entry of the European Union (EU) in the ICAC. Three fundamental issues had been raised by ICAC members during their consideration of EU membership: the competence of the EU to represent its members in non-trade related matters dealt with by the ICAC; the strong concerns of ICAC members regarding the impact of EU membership on their assessments; and the representation of the EU in ICAC bodies, particularly the Private Sector Advisory Panel, in addition to the need for the Rules and Regulations to be amended in a manner that would allow, in appropriate cases, for the accession of other intergovernmental organizations to the ICAC. Negotiations were proceeding and he assured that the Standing Committee would soon be able to take an informed decision on possible ways forward and that all unresolved questions could be settled in a mutually satisfactory manner. He expected the EU to be seated soon among ICAC members.

Dr. Parker reported that the Standing Committee had repeatedly stressed its concern with late payment of assessments by some ICAC member countries. He urged all member Governments to comply with their obligations in a timely manner. He reported that Standing Committee was kept abreast of changes in the world cotton demand and supply situation through regular briefings received from the Secretariat. In addition, the Standing Committee received the annual report of the Secretariat on government support measures in cotton. He noted that the information on government measures compiled by the Secretariat was an important reference and highly valued by ICAC members. Dr. Parker said that during the past year the Standing Committee had approved the budget and the agenda of the 73rd plenary meeting. He said that the Standing Committee members also welcomed the inputs provided by the various advisory bodies of the ICAC, such as the Expert Panel on Social, Environmental and Economic Performance of Cotton Production (SEEP), the Task Force on Cotton Identity Programs (TFCIP), The Task Force on Commercial Standardization of Instrument Testing of Cotton (CSITC), the Private Sector Advisory Panel (PSAP), and thanked all the members of these advisory bodies.

Dr. Parker reported that the 529th Meeting of the Standing Committee unanimously endorsed the nominations of Ms. Wei-jiun Liao, of Taiwan, as Chair, Mr. Tomasz Sowa, of Poland, as First Vice Chair and Ms. Reenat Snadhu, of India, as Second Vice Chair of the Standing Committee for the next year. All three nominees had demonstrated interest in the work of the ICAC through frequent participation in the work of the Standing Committee.

Dr. Parker expressed his sincere appreciation to Standing Committee members in Washington for their hard work, professionalism and dedication to the ICAC during the past year. He also thanked the ICAC staff for their excellent work, in particular Dr. Terry Townsend, who had stepped down from the post of Executive Director in December 2013 and whose exemplary leadership since 1999 enabled the ICAC to maintain its relevance in a fast-changing world. Dr. Parker commended the choice of Mr. José Sette as the sixth Executive Director in the history of the ICAC, and was confident that he was a worthy successor to Dr. Townsend. Dr. Parker expressed his profound gratitude to the Government of Greece and the Organizing Committee for the excellent arrangements made for the 73rd Plenary Meeting. The Report of the Chair of the Standing Committee is a statement of the meeting.

Recognition of the ICAC Researcher of the Year, Dr. Mehboob-ur-Rahman

The Secretary General said that ICAC started recognizing and honoring a cotton researcher in 2009 and that he was glad to present the 2014 ICAC Researcher of the Year, Dr. Mehboob-ur-Rahman, from Pakistan. Dr. Mehboob-ur-Rahman was Group Leader of the Plant Genomics and Molecular Breeding Lab at the National Institute for Biotechnology and Genetic Engineering, Faisalabad, Pakistan. Dr. Mehboob was a molecular breeder and has been involved in basic as well as applied research on cotton for many years. Dr. Mehboob and his team have been active partners in mapping and sequencing of the cotton D-genome. In addition to local and international registration of germplasm, Dr. Mehboob had developed a number of cotton varieties that directly benefitted cotton growers in Pakistan. As a result of his contributions to the cotton sector, the Government of Pakistan awarded him a 'Gold Medal in 2009.' The Third World Academy of Sciences honored him by an Award in Applied Science-Technology in Agriculture in 2011. The Government of Pakistan bestowed him the Presidential Award for 'Pride of Performance' in 2012. Dr. Mehboob had made numerous publications, including 14 book chapters and 57 peer-reviewed articles.

The Secretary General, on behalf of the member Governments of the ICAC, personally congratulated Dr. Mehboob on being the 2014 ICAC Researcher of the Year. He said that to him it was the greatest honor a cotton researcher could earn.

Dr. Mehboob said that he was delighted to receive this prestigious award acknowledging his research. He said that he was also very thankful to his colleagues and to the government for their support. He said that the award was very important for young researchers by encouraging them to undertake research activities.

The CHAIR introduced Mr. José Sette to give his report as Executive Director.

The Executive Director said that the world cotton sector is going through a time of transition, with major impacts on how all those involved went about their business. Cotton faced many challenges, including communication with consumers, meeting the needs of spinners and producing cotton in a sustainable manner, while simultaneously improving the profitability of producers in a time of rising costs, stricter standards and stagnant yields. He noted that the most important factor in the international cotton market in recent years had been massive market intervention by the government of China, the world's largest cotton producing and consuming country. He described consequences of this intervention including high cotton prices, reduced price volatility, excessive production as a result of artificially high prices and record stocks. The executive director noted that we have now entered a time of transition, as China has moved into a system of direct subsidies, while prices are falling. He urged to resist the temptation for more widespread market intervention to defend prices to growers. He noted that the ICAC's annual report on "Production and Trade Policies Affecting the Cotton Industry" provides members with invaluable and objective information for evaluating the role of public assistance to the cotton sector and making informed policy decisions.

The Executive Director reported that the most important unintended consequence of the recent period of artificial support for prices had been a decline in the competitiveness of cotton vis-à-vis other fibers. He highlighted the importance of expanding promotional efforts that build a positive image of cotton among consumers, and assured that ICAC would continue to work closely with the International Forum for Cotton Promotion (IFCP) to raise awareness among member governments about existing promotion initiatives, to collaborate with national associations and to encourage increased consumer demand for cotton through national cotton demand enhancement programs that could be implemented and replicated around the world. The Executive Director expressed his appreciation for the work of Jeff Silberman of the United States, the Executive Director of the IFCP, and Mark Messura of the USA, its Chair.

The Executive Director observed the stagnation of cotton yields during the recent decade and suggested that much could be accomplished by optimization of the input use, while new technologies are being developed. He noted that

this issue is the focus of this year's Technical Seminar and one of the highlights of the 73rd Plenary. The Executive Director described the ICAC activities in supporting cotton research and disseminating information on research, including the Research Associate Program, the Researcher of the Year Award, support for regional research groupings, the International Cotton Researchers Association (ICRA), and the World Cotton Research Conference.

The Executive Director noted the growing awareness of the need for sustainable practices throughout agricultural value chains and described the activities of the Expert Panel on the Social Environmental and Economic Performance of Cotton Production (SEEP), which had been formed in 2006 with a primary objective to collect and review independent, science-based information on the negative and positive social, environmental and economic aspects of global cotton production, as well as to make recommendations for further action as appropriate to improve the performance of the cotton sector. He noted that the SEEP could serve as a central coordinator and clearinghouse of information on tests of the indicators of sustainability in different countries and thanked Allan Williams of Australia, Chair of SEEP, Francesca Mancini of the FAO, Vice Chair, and all members of SEEP who had contributed their time to this strenuous work.

The Executive Director highlighted the importance of integrating the private sector in the work of the ICAC, and described activities of the Private Sector Advisory Panel (PSAP), including issues linked to "trade friction", price volatility, contract sanctity and defaults. He pointed to the systemic risks involved and the role governments can play in enforcing arbitral awards. He noted that PSAP had proved instrumental in serving as a channel for communication of the concerns of the private sector and thanked all members of the PSAP for their contributions, especially Jorge Vartparoníán of Argentina, Chair, and Shiou-Chung Chen of Taiwan, Vice Chair. The Executive Director also expressed his gratitude for the work of Neal Gillen of the United States, the ICAC representative to the United Nations Commission on International Trade Law (UNCITRAL).

In addition, he described activities of the Task Force on Commercial Standardization of Instrument Testing of Cotton (CSITC) formed in 2003 and tasked with improving cotton testing around the world by conducting four Round Trials per year, with participating laboratories receiving detailed diagnostic reports. This program had been extremely successful, with more than eighty laboratories now participating on a regular basis. He thanked Mr. Andrew Macdonald of Brazil, Chair, and Mr. Zbigniew Roskwitalski of Poland, Rapporteur, who had served the CSITC since its creation in 2003, and the US Department of Agriculture and the Bremen Fiber Insti-

tute for their support of this important initiative.

The Executive Director described the activities of the Task Force on Cotton Identity Programs, which had been established in 2012 with the objective of providing information on: the goals of identity cotton production initiatives and their performance; the cost and benefits for participants; the challenges faced by each initiative; and how the initiatives are financed. The first report of the TFCIP had been issued last year and was an important first step in bringing together information on a variety of programs and the next report would be presented in the near future. He thanked all members of the Task Force, and especially to the leadership provided by Mark Messina, of the United States, Chair, and Denilson Galbero, of Brazil, Vice Chair.

The Executive Director described the expanding mission of the ICAC through four core roles: serving as a forum for the development of policies and solutions to strengthen commodity value chains; enhancing the transparency of the market and enabling economic decisions to be taken on the basis of accurate and timely data;

encouraging the development and dissemination of knowledge; and promoting sustainability. He noted the capacity of the ICAC to adapt to the changing needs of its membership and of the world cotton sector. He said that membership of the European Union in the ICAC presented numerous challenges, which would require patience on all sides so that an optimal solution could be devised that addressed the concerns raised by ICAC members regarding the implications of changes in the organization's Rules and Regulations. The executive director expressed his confidence that a satisfactory outcome would be found and that EU membership would strengthen the ICAC.

The Executive Director thanked all delegates to the Standing Committee, who had made his task during his first year as executive director easier by providing support and valuable inputs. He especially thanked Dr. Chris Parker of Australia, Chair of the Committee, who had displayed admirable neutrality, kept all its members focused and tirelessly sought to achieve consensus. He looked forward to working with the new Chair,

Wei-jiun Liao of Taiwan, and all delegates in the future. The executive director said that it was the privilege to work with the highly qualified members of the ICAC Secretariat, who gave all the necessary support. It was a pleasure to work with such dedicated and talented professionals who are committed to furthering the organization's objectives. He thanked Terry Townsend, who had given invaluable backing during the first months in the post. He expressed the Secretariat's hope that the presentations and ensuing debates would give members the background information and tools to implement concrete measures for the benefit of the world cotton sector. The Report of the Executive Director is a statement of the meeting.

Approval of the Agenda of the 73rd Plenary Meeting.

The CHAIR called for any comments on the agenda. There were no comments and the agenda was approved.

The Inaugural Session was adjourned at 10:30 hrs.

First Plenary Session

Statements

14:15 hr. Monday, November 3, 2014
Dr. Eleni Maloupa, Director, Hellenic Agricultural Organization-Demeter (Greece), in the Chair

The CHAIR invited the delegate from Greece to open the session on country reports.

The delegate of GREECE stated that cotton covers 10% of agricultural land use in Greece, ranging between 250,000 to 300,000 ha a season and that more than 50,000 people are involved in cotton farming. Only two countries in the European Union (EU) produce cotton and Greece accounts for 80% of EU production. Greece obtains high yields due to its mostly alluvial soil and the fact that most cotton is irrigated, with less than 5% under dryland conditions. Harvesting was now almost fully mechanized. In 2012/13, cotton production decreased due to the emergence of the cotton bollworm as a major problem, but the rapid application of counteractive measures and implementation of sustainable farming techniques had led production to improve in the last two seasons. Seventy ginning mills operated in Greece 2013/14 and cotton covered an area of 248,000 ha, resulting in seed cotton production of 852,000 tons and lint production of 296,000 tons. While area had decreased in 2013/14, production was up due to improved yields and the quality was exceptionally good as harvesting was completed before the autumn rains. In 2014/15, area is estimated at 275,000 ha and, assuming an average yield,

the new crop is likely to be between 270,000 to 280,000 tons. Greece's country report is a statement of the meeting.

The delegate from CÔTE D'IVOIRE explained that a law from 2013 established rules for cotton and cashew trade, which are two pilot crops for new regulation, and that management of the cotton value chain was awarded to the cashew/cotton council, which is a public-private organization. Cotton generated 7% of export revenue and nearly 2% of national GDP. There were 110,000 producers in 2013/14 cultivating cotton on an area around 355,000 hectares and producing around 400,000 tons of cotton, making it the 3rd largest in the CFA zone. The goals for the near future are to reach 450,000 tons of production, guarantee income to producers, increase value addition, ensure protection of the environment and achieve good governance. A new system for supplying producers with inputs in organization with six local cotton companies had been recently introduced and cotton quality would be guaranteed through its single classification center. The improvement of yields is the biggest concern as current yields remain much below the potential of the varieties used and a study on the feasibility of biotech cotton was under way. Farmers' incomes were affected by both price volatility and the high cost of inputs, which can reach up to 50% of a farmer's gross income. In this regard, Côte d'Ivoire wanted to define a new price mechanism in conjunction

with a support fund to assist farmers when prices fall. Côte d'Ivoire's country report is a statement of the meeting.

The delegate of ITALY noted that his country currently held the presidency of the European Union and, with this in mind, he would discuss the EU membership. Given the combined production, trade and consumption of cotton of EU members, EU membership in ICAC would be greatly beneficial to the ICAC. The EU was one of the biggest providers of development aid. The delegate reviewed the progress of the EU's potential membership in ICAC since its initial formal submission last September, including its latest proposal that takes into account the concerns raised by some members of ICAC and noted that EU members are confident that the accession of the EU can be concluded quickly.

The delegate from MALI stated that the CMDT (Textile Development Company of Mali) is 40 years old this year though cotton has been produced for many more years in Mali. Cotton accounted for around 15% of GDP with area reaching over 560,000 hectares and seedcotton production 600,000 tons, making it the second largest producer in Francophone Africa. The delegate noted that Mali faced similar issues to Côte d'Ivoire, such as low yields, the need for quality improvement, and the need to ensure better processing of cotton in country since 98% of cotton is exported. The delegate stated that there has been some progress in terms of

yield and that international cotton traders had noted an improvement in quality. Price volatility remains an obstacle to promoting cotton and for Mali, a landlocked nation, access to ports, and taxes and other fees required to reach and access ports is also an issue. The delegate asked that ICAC support Mali in seeing how African cotton could have its own basis for pricing rather than Cotlook A and is concerned that the cotton identity programs are more problematic than helpful. Mali's country report is a statement of the meeting.

The delegate from SOUTH AFRICA noted that cotton was one of the few sectors with the ability to expand into underutilized areas to which it is better suited than other crops and the government would provide support to increase output and the supply of inputs as well as for the spinning and ginning sectors. The delegate noted that South African producer organizations had initiated a process to establish a national cotton cluster, which had been the subject of a presentation in the first open session, and the government had approved a 5-year plan for the cluster that included financial backing for the initiatives. The cluster would encompass all sectors of the value chain and provide fully traceable cotton. The delegate stated that plan focused on research and technical demonstrations, establishing and managing shared national resources, incubating small-scale enterprises to increase employment and achieving best practices in comparison with world benchmarks. South Africa's country report is a statement of the meeting.

The delegate from PAKISTAN stated that cotton is a major cash crop and that Pakistan is the 4th largest producer of cotton and 2nd largest cotton yarn exporter. Around 2.1 million tons of cotton are produced in a season, which is almost entirely used by its textile chain, from ginning and spinning to textiles and apparel. An entire value chain is involved with and depends on cotton, while Pakistan also imports longer staple fibers to meet domestic demand. The delegate explained that the leaf curl virus is an ongoing problem in Pakistan that has started to spread to nearby countries and remains difficult to address since new resistant strains appear almost as soon as antidotes were developed. The delegate acknowledged the work of the PCCC, which provides timely statistical information and also trains farmers on good agronomic practices such as treating the bollworm. Future policy initiatives include germplasm improvement through the development of hybrid cotton and a program for implanting cotton in rainfed areas since most cotton is currently produced in irrigated areas. The delegate also stated that Pakistan would continue to remain involved with BCI. Pakistan's country report is a statement of the meeting.

The delegate of SUDAN stated that cotton is one of its main crops, providing income to more than 300,000 families, and the country's main source of foreign exchange earnings. The

Executive Program for Agricultural Revival, issued by the government of Sudan in April 2008, gave greater support to the private sector to invest in agricultural activities, and private sector companies, led by the Sudan Cotton Company Limited, had been responsible for financing and managing cotton production during the last season. The delegate explained that several agricultural policies were adopted for the 2014/15 season, including benefits for investment in export-oriented agricultural activities, modernization of agricultural systems like irrigation, agricultural institutional reform, and prioritizing financing for export-oriented agricultural commodities. Cotton had a long history in Sudan, but production had deteriorated due to increasing global financial problems and also the sanctions imposed on Sudan, which caused people to seek employment elsewhere and social unrest. The delegate called for reconsideration of the sanctions imposed on Sudan, which had a significant negative impact on livelihoods. Alleviation of these sanctions would allow people to return to cotton production. Sudan's country report is a statement of the meeting.

The delegate from EGYPT noted that his country was one of the founding members of the ICAC and appreciated ICAC's role in the cotton industry. Five million people work in the cotton value chain in Egypt. In 2013/14, 100,000 tons of lint were produced on an area of 220,000 hectares, while in 2014/15, cotton production is expected to reach 150,000 tons due to high prices received by producers in 2013/14. The delegate explained there are several challenges for its cotton industry including: (1) the high cost of cotton production, (2) the competitiveness of alternative crops, (3) the low returns received by cotton farmers, (4) the price competitiveness of man-made fibers, and (5) the high cost of scientific research to produce new varieties. The delegate noted that it was implementing a new national campaign to promote the development of value-added activities like spinning and weaving, and apparel. The delegate also stated that a fund for support of the industry needed to be established. Egypt's country report is a statement of the meeting.

The delegate from MOZAMBIQUE stated that cotton is an important crop for their economy, providing employment and hard currency from exports. Cotton ensures cash income for 1.5 million rural citizens in Mozambique and also enhances food security. Much like other producing countries, the cotton industry is influenced by national policy, weather, and the international market. Mozambique currently produces around 35,000 to 40,000 tons of lint cotton, which is below its peak production years and in 2014/15, 35,000 tons of cotton are expected to be produced. Cotton faces challenges throughout the value chain at both the local and global level and there is a strong need for cross-border cooperation. The delegate looks forward to learning

from other delegates and considers the exchange of germplasm a good starting point for wider cooperation between countries. ICAC should encourage such cooperation between countries and include this sentiment into final statement. Mozambique's country report is available on the ICAC web site as a statement of the meeting. The delegate concluded by inviting ICAC to hold the 2017 plenary meeting in Mozambique. Mozambique's country report is a statement of the meeting.

The delegate from POLAND stated that the overall theme this year was very appropriate because it provides a unique opportunity to discuss a wide variety of issues. Poland had always supported ICAC activities that promote cooperation along the value chain, but as a consumer of cotton it naturally focused on demand promotion. Cotton is a natural fiber that is completely sustainable and should be more strongly promoted as such. Although a great part of cotton consumption has moved to Asia, consumption in Poland has recovered partially. The delegate stated that Poland looked forward to the EU membership in ICAC. Poland's country report is a statement of the meeting.

The delegate from CHAD stated that cotton is very important since it has been a motor for socio-economic development for more than 75 years, affecting more than 25% of the population. Cotton contributes considerably to GDP and exports, enhances food security and helps the government, which is supportive of the industry. Unfortunately, production dropped from 273,000 tons of seedcotton to 213,000 tons. Because of this reduction in production and the price volatility in the international market, difficulties have arisen, so the government decided to restructure the cotton value chain and created the new Cotton Chad Company. This entity has had limited success in jump-starting production so far, but has a goal of reaching 300,000 tons of seedcotton by 2017/18. As a long-standing member of the ICAC, Chad looks forward to hearing from other countries, particularly in the technical seminar, on how to improve productivity, and how to support its entire value chain. Chad's country report is a statement of the meeting.

The delegate from TURKEY noted that favorable climatic and geographic conditions allow Turkey to have a strong agricultural sector that accounts for around 10% of its GDP. Even though Turkey is moving to a more industrialized/service sector based economy, agriculture still plays a very important role. The clothing and textile sector has been growing with cotton as an important component but the decline in production in recent years has necessitated large imports of cotton, making it the third largest importer despite strong production. One important issue that was mentioned last year is that man-made fibers provide strong competition and push down cotton's market share. The delegate maintained that man-made fibers will

continue to grow and improve, so the cotton sector needs to promote itself more aggressively, to develop more technical cotton fibers, and to create more awareness among consumers of its better quality and healthiness compared to synthetic fibers. Fair and free trade is also important because protectionism hurts not only the national economies but also individuals within these countries. Turkey's country report is a statement of the meeting.

The delegate from TANZANIA stated that cotton is a strategic crop and one of top five traditional crops following tobacco, coffee, cashew and tea. Value addition and low productivity are key challenges in Tanzania. While the area under cotton cultivation is around 400,000 hectares, yields were low in 2012/13 resulting in low returns to farmers of around 46 US cts/lb. Seedcotton production reached 246,000 tons in 2012/13, but declined to 204,000 tons in 2013/14 due to low value addition with much of the cotton exported to Asia. The Tanzanian government needs to educate farmers on agronomy, introduce cotton seed varieties with better ginning qualities, implement contract farming, and provide a legal system to support the cotton industry. The delegate invited foreign and local investment to the cotton sector in Tanzania and noted that production was likely to fall in the upcoming season due to the current low price levels. Tanzania's country report is a statement of the meeting.

The delegate from KENYA stated that some functions of agriculture have moved from central to subnational institutions and thus, the regulatory framework has been revised to reform and streamline institutions that provide extension services and training to farmers. The Kenyan Cotton Development Authority merged with Sisal Board of Kenya to form the Fibre Crop Directorate in the Agriculture, Fisheries and Food Authority. This revised framework would provide for growth of crops including cotton and enhanced government support. There is considerable effort to increase irrigation systems that will also cover cotton and the government has implemented a number of initiatives that will benefit cotton, including programs for price risk management.

The delegate from TAIWAN noted that his country depends on imports for all of its cotton needs, importing 226,000 tons in 2012 and 294,000 tons in 2013. The United States was its largest supplier of cotton lint, followed by Brazil and India. In 2013, yarn exports fell by 1.5% to 136,000 tons, but the value of these exports remained stable. Taiwan's strategy for 2020 included the goal to increase the value of cotton yarn and textile production to US\$30 billion through structural adjustments and active promotion of trade agreements with partners. Taiwan's country report is a statement of the meeting.

The delegate from ZAMBIA stated that there are 11 ginning companies in Zambia that contract with over 300,000 small-scale farmers who farm

around 1-1.8 hectares. In 2013/14, lint production declined 4% from the previous season to 40,000 tons due to unfavorable growing conditions and side-selling. One issue observed by the government is that cotton prices are often low at the start of the marketing season when the farmers who produce in large volumes with better cotton bring their cotton to market. However, prices rise later in the season when farmers with smaller volumes but lower quality cotton commercialize their product. The delegate stated that competition from other crops and low productivity (average yield around 100-250 kg/ha) are other challenges. Low productivity in the cotton sector is caused by slow adoption of new agronomic practices, soil infertility and less than optimal use of inputs. Due to the previous government's policies almost all lint cotton is exported, but the current government is trying to attract more investment and increase value-added processing in country. While there is a law allowing biotech cotton and farmers are eager to use it because of their awareness of the results achieved in South Africa and Burkina Faso, the government has not yet approved trials. The delegate also noted that to meet these challenges, Zambia was active in regional groups, was working on harmonizing production methods through extension agents and reducing contamination of cotton. Zambia's country report is a statement of the meeting.

The delegate from the UNITED STATES noted that the cotton harvest was fully underway with production expected to reach 16.3 million bales, an increase of 20% from last season, though below the volume achieved 2 seasons ago. The delegate stated that U.S. agricultural policy has changed significantly since the last plenary meeting with the introduction of its new farm bill, covering 2014-2018. The new Farm Bill eliminated direct and countercyclical payments and introduced two new safety net programs. Cotton was not eligible for these new programs, but instead would be covered by an income loss program (STAX) limited to upland cotton. The delegate noted that STAX would cover 20% of revenue loss while other traditional revenue insurance programs would also be operational and be implemented in 2015. The delegate emphasized the importance of promoting cotton and improving its market share. United States' country report is a statement of the meeting.

The delegate of AUSTRALIA stated that cotton is one of the most important economic activities for many regional communities. While Australian production represents only 3% of world production, nearly 99% of its production is exported, making it the world's fourth largest exporter with Asia as a major destination. Water availability, profitability, demand, and climate variability were key challenges for the cotton industry. Because cotton is competing in a changing and intense global environment there are three key issues to be addressed in order to re-

main competitive. Profitability was one key issue due to declining terms for trade and increasing competition from synthetic fibers. Although the emergence of textile standards for responsible production could help promote cotton use, these initiatives also ran the risk of becoming non-tariff trade barriers, especially in comparison to synthetic fibers. The final issue was the need for the industry in all nations to work together and not compete against each other in order to remain competitive. The delegate concluded that ICAC has a key role in all three issues and should take leadership, gather information and analyze the information. Australia's country report is a statement of the meeting.

The delegate from KOREA noted that many significant issues related to cotton production were raised during the first open sessions, including sustainability. While Korea does not produce any cotton, these issues remain important to Korea since it relies on imports from producing countries. The delegate noted that in 2013, Korea imported 300,000 tons, which is a 30% increase since 2010, but recently the yarn industry has suffered greatly due to falling cotton yarn prices. The delegate stated that it was important to encourage consumption of cotton yarn and textile and was willing to work with ICAC members to increase demand.

The delegate from INDIA stated that cotton production and consumption has increased significantly from 2002/03 to 2013/14, with production expected to exceed 6.8 million tons due to increased area and yield. Demand from overseas improved greatly in recent years and its textile industry provides not only finished goods but significant industrial production and export earnings. The textile industry is the second largest employer after agriculture and cotton exerts a strong influence, since 59% of textile consumption comes from cotton. India noted that has the largest area under cotton cultivation, of which 38% is irrigated. The cultivation of biotech cotton has been continuously increasing and covers about 92.5% of cotton production. The delegate noted that cotton spinning and processing has grown due to the increased demand for finished goods. India would be sticking to a free trade policy for imports and exports and expects exports in 2014/15 to exceed those in the previous season, while imports will be limited mostly to extra-long staple cotton. India has introduced several initiatives such as creating its own hybrid varieties of cotton, organizing workshops to motivate farmers to follow best practices such as high density planting, and implementing intercropping systems (cotton with pulses), which improves soil fertility, makes better use of inputs and also increases income per area. The government was also trying to encourage more production of colored cotton. India's country report is a statement of the meeting.

The delegate from ZIMBABWE noted that cotton is a strategic crop that contributes up to

92% of agricultural export earnings, is produced under dryland conditions, often in marginal lands, and supports 600,000 people across the value chain. The delegate also noted that cotton addresses food security, since up to 50% of cooking oil comes from cottonseed and it is used to feed livestock. Over 98% of cotton production is financed by contractors and in 2013/14, 12 ginners were registered as contractors. All cotton buyers must obtain licenses annually for ginning and marketing in order to have orderly and fair marketing and to prevent side-selling. All contractors must also sign contracts with individual farmers that are entered into a central database, which is used to prevent farmers from registering with multiple contractors and also to aid in distributing inputs fairly to farmers. Average seedcotton production has been around 250,000 tons, but declined in the last two years due to climatic challenges. The cotton industry in Zimbabwe faced several challenges, including the need to improve agronomic practices, vulnerability to the weather, the limited extension services provided by private sector contractors and the high cost of inputs. Due to high borrowing rates, especially compared to developing countries, financing of cotton was very difficult. The government of Zimbabwe was unable to provide financial support to growers when prices declined, as had occurred in this season, and investment from other sources was hard to obtain due to the perceived high risks. Despite this the government was trying to revive the cotton industry as a source of economic growth through its blueprint for socio-economic growth by maximizing value addition and capacity-building through training and extension services. Given the high literacy levels in Zimbabwe, training should be very successful and thus, Zimbabwe is good country in which to invest and for which to provide development funding. Zimbabwe's country report is a statement of the meeting.

The delegate from BRAZIL noted that it has been a net exporter for several years with its main markets for exports in Asia. The federal government does not hold any stock and, thus, any production surplus needs to be exported. Given the low prices this season, planted area is likely to decrease by 10%, reaching only 1 million ha but production will only be reduced by 7% due to high yields. Brazil is very concerned with the potential liquidation of China's large stock of cotton lint as it will have a significant impact on cotton farmers' livelihoods. The delegate stated that no effort should be spared in promoting cotton demand given the competitive fiber market. Brazil's country report is a statement of the meeting.

The delegate of UGANDA stated that cotton contributes directly and indirectly to the livelihoods of 2.5 million people, and is primarily grown by smallholders who are aided by the Cotton Development Organization and the Uganda Ginners and Cotton Exporters' Association. The

delegate noted that the downward trend in international cotton prices will likely affect small-scale farmers' enthusiasm given the options to grow other crops. The government of Uganda is addressing the issue of contamination and, like many countries in Africa, Uganda needed to add value to its current production in order for the cotton industry to remain sustainable. The delegate noted that with this in mind the theme of the current plenary is very timely and appropriate. It was important to put the idea of "land to brand" in practice in African countries, rather than primarily exporting their cotton crop, because value addition would provide the most support to farmers and make cotton more sustainable. Uganda's country report is a statement of the meeting.

The delegate from COLOMBIA noted that the area under cotton increased slightly in 2013 due to farmers switching from other crops, such as rice and maize, and favorable weather, despite pest pressure and lack of financing for production. High production costs and limited government support are the two biggest challenges facing the cotton industry in Colombia, but demand is expected to recover with increased purchases of local fiber. Local demand was sufficient to increase production and there was also demand from Peru, but Colombia would need to improve productivity to meet the demand. The cotton sector still faces strong competition and suffers from contraband items. While Colombia's trade balance for textiles and apparel was positive in 2010, it had become negative by 2013 due to the closing of several production lines such as ring spinning. The delegate stated that investments would need to be made to address the high cost of production and that a mechanism was necessary to support producers facing falling prices due to distortions introduced into the international market by government measures. Colombia's country report is a statement of the meeting.

The delegate from the French Agricultural Research Centre for International Development (CIRAD), a French international research organization, noted that its focus was on developing the sustainable production of crops, particularly cotton, in tropical and subtropical regions. Four important points needed to be remembered: (1) cotton must be considered as one component within the entire agricultural sector; (2) creating new cotton seed varieties is critical in this time of climate change, but many countries have difficulty maintaining production of current varieties; (3) researchers needed to study more closely the role that women and children play in cotton production; and (4) greater optimization of the financial returns of cotton production is important to adapt cotton quality to its different usages. With these four points in mind a meeting was held in October 2014 to bring together representatives of national and regional bodies with stakeholders involved in cotton production, in order to create a list of priorities and prag-

matic actions that would guide future projects aimed at strengthening cotton production. The delegate announced that the list was available on the website <http://ur-aida.cirad.fr> and was made available to the public so that anyone could implement it.

The delegate from the African Cotton Association (ACA) stated that cotton was an engine of growth in Africa and that the ACA was a group open not only to the whole of Africa but also to stakeholders outside Africa. The ACA had initiated a strategic plan for 2011-2016 focusing on five areas: (1) protecting African cotton spinners; (2) improving production, yield and value of African cotton throughout the value chain; (3) contributing to the improvement of African cotton quality; (4) using ACA as platform for information dissemination; and (5) promoting African cotton. A charter for improving the quality of African cotton had been developed by all members of ACA and has become a binding document for producers and ginners to ensure reduction of contamination of cotton. The delegate emphasized that while there were rumors that the Ebola virus was possibly contaminating cotton, it was impossible for the Ebola virus to be transmitted through cotton. ACA's report is a statement of the meeting.

The delegate for the African Cotton and Textile Industries Federation (ACTIF), a regional trade board designed to promote trade and increase market access for the cotton and textile industries in Africa, noted that the entity has several strategic goals including: the promotion of African textile trade; expanding market access; and enhancing the involvement of the private sector in regional policy formation and implementation. Cotton production in Africa represented 5.4% of the world total in 2012/13, but 80% of cotton production was exported indicating that there was limited value addition across Africa. Sustainable cotton production has a growing impact on African cotton production with 16% of world exports of sustainable cotton coming from Africa, of which 24% is under the Cotton Made in Africa (CMiA) label. ACTIF recently entered an agreement with the Competitive African Cotton Initiative (COMPACI) and the Aid by Trade Foundation (ABTF) to increase productivity and strengthen textile production in the continent. The delegate discussed the development of a project under BCI, which enhances the whole cotton value chain from production through apparel. Later this month, an event called Origin Africa will be taking place in Kenya, which focused on changing perceptions and promoting Africa as a place to do business and source cotton. ACTIF was a champion for advocacy, noting that the African Growth and Opportunity Act, which allowed duty free access for apparel from Africa to the U.S. was set to expire in 2015 and that ACTIF was working to renew AGOA and expand it to include third-country fabrics. ACTIF's report is a statement of the meeting.

The delegate from the International Forum for Cotton Promotion (IFCP) noted that the body does not engage in promotion activities directly but instead assists organizations involved in cotton demand enhancement to increase cotton's market share and to act as a global clearing house for sharing promotional strategies. IFCP contributed to publications, moderating panels and participated in speaking engagements in heighten cotton's demand profile. The delegate noted that participation in the Fashion Institute of Technology Summer Institute's inaugural event, "Sustainability in Fashion and Textiles" had been an important action, since the panel was comprised of cotton organizations and chemical fiber companies. IFCP had expanded its program of cataloging negative ads to track negative information on the web and passing the accusations to reputable scientists for accuracy checks. The low prices of cotton this season constituted an opportunity to regain market share from competing fibers after losing market share during the price spike but a need existed to aggressively promote cotton. The delegate concluded that IFCP treats cotton as a global brand competing not with other types of cotton, but with man-made fibers, and is focusing on early education since those in school now are the future consumers and developers of cotton products. IFCP's report is a statement of the meeting.

The delegate from the World Trade Organization (WTO) thanked the ICAC for providing information on cotton production and trade trends that are of great interest to WTO members. She would be addressing the issue of cotton in the Doha Development Agenda of the WTO in the Fourth Open Session, but noted that implementation work has been ongoing since the Bali ministerial in December 2013. The delegate maintained that cotton was integral part of the Doha Development Agenda and a priority for WTO members who have agreed to treat it ambitiously and expeditiously within the overall negotiations on agriculture. The delegate stated that the second annual discussions, as mandated by the Bali Ministerial round, will take place later in November and will focus on enhancing transparency and monitoring in relation to trade aspects of the cotton industry with regard to market access, domestic support and export competition. The delegate expressed the WTO's desire for the Statement of the 73rd Plenary to include support for a rapid, ambitious and successful conclusion to the Doha Round.

The delegate from the Food and Agricultural Organization of the United Nations (FAO) noted that FAO has a number of cotton-specific projects with investment in regional and national initiatives with a value that exceeds US\$35 million. The delegate stated that the FAO's work focuses on the promotion of sustainable production of cotton through integrated production and pest management and the provision of statistics and analysis. Several projects were being conducted in Africa, such as one in Benin that deals with proper disposal of old stocks of pesticide and reducing Benin's reliance on chemicals for cotton production. The delegate also touched upon the South-South cooperation project in South America and the Caribbean that was discussed in the First Open Session where six countries are receiving technical assistance and training for cotton cultivation and marketing. The delegate also discussed the involvement of the FAO in the SEEP report and noted that many of the indicators therein can also be used with other crops, so that agriculture as a whole can be made more sustainable and be better integrated into government policies. Several countries were involved in a pilot implementation of the SEEP indicators and any countries that wished to join the pilot program in 2015 should notify FAO or ICAC directly.

The delegate from the International Cotton Association (ICA) stated that the purpose of the ICA is to provide trading rules for cotton and a mechanism for dispute settlement. The delegate noted that, since the spike in prices in 2010/11, the number of arbitrations has fallen and, despite the fall in cotton prices this year, arbitrations are now at the same level as before the financial crisis in 2008. The delegate emphasized that members should not be complacent because contract defaults are still occurring and the average arbitration award has been around US\$1.2 million since 2010. While awards and the default list are helpful tools, the ICA also recently introduced a mediation process to help smooth relations between parties involved in arbitration and to find ways to satisfy both parties. The delegate also noted that ICA's main focus is on the enforcement of arbitral awards in order for the arbitration process to have an impact, but that non-compliance often results from a lack of understanding of the rules and a lack of training on the part of judges. The ICA is now working with countries that have problems and finds that governments have a key role to ensure contract

sanctity. It is important for governments to be involved since contract defaults can impact a country's entire cotton industry and its reputation in the international community.

The CHAIR invited Mr. Jorge Vartparonián, Chair of the Private Sector Advisory Panel (PSAP) to present the report of that body to the Plenary Meeting. Mr. Vartparonián gave a report on the main issues discussed at its meeting on the previous day. On the composition of the PSAP the Chair noted that only 12 of the 40 member countries of the ICAC were represented on the Panel, and mentioned the need to broaden its representation. Regarding the factors affecting volatility of cotton prices it was concluded that the ICAC Secretariat should continue to investigate volatility, focusing on its causes and providing concrete suggestions as to mitigation of its effects. With respect to the Government intervention in the world cotton market, the PSAP noted that Governments should refrain from intervention because of its negative effects, while highlighting the value of the work of the ICAC as an unbiased supplier of objective studies, statistics and other information on cotton. Concerning contract sanctity, the Panel thanked ICAC members for dedicating an Open Session to the subject during the 73rd Plenary Meeting, and looked forward to the results of this discussion. PSAP members also analyzed a study presented by Peter Wakefield on the treatment of cotton samples as hazardous cargo by courier companies and found that the problem was not widespread, being largely confined to West Africa, therefore no further action on the part of the PSAP or the ICAC was required. Mr. Vartparonián mentioned that PSAP members noted the importance of EU membership and the need for the PSAP to continue to be as broadly representative as possible of the entire cotton value chain. The Chair concluded his report by mentioning that a PASP meeting would be held during the first semester of 2015, and that he had been re-elected as Chair and Mr. Antonios Siarkos had been elected to serve as a Vice Chair during the year from the end of the 73th Plenary Meeting until the end of the 74th Plenary Meeting. The report of the PSAP is a statement of the meeting.

The First Plenary Session was adjourned at 18:00 hrs.

First Open Session

National Programs of Responsible Cotton Production: Strengthening Responsible Production Practices

11:00 hr. Monday, November 3, 2014

Dr. Eleni Maloupa, Director, Hellenic Agricultural Organization-Demeter (Greece), in the Chair

The CHAIR welcomed participants to Greece and hoped that delegates would enjoy their stay in Thessaloniki. She invited the first speaker Mr. Heinrich Schultz of Cotton South Africa to talk about the South African Sustainable Textile & Apparel Cluster. Mr. Schultz stated that in the last 10-14 years cotton supply and demand declined significantly in South Africa. At the end of 2012, all segments of the industry, including the government and consumer groups, came together and formed a partnership program to change the situation around. The South African Sustainable Textile & Apparel Cluster (SASTAC) had the primary mission of establishing a national industry inclusive body, developing shared national resources, conducting research & technology demonstration and providing an enabling environment for cluster members. SASTAC recognizes other initiatives including BCI and organic cotton. Various centers were established to protect interventions. The 5-year target is to build 15 integrated supply chains, create over 7,000 jobs, train almost 3,000 people and increase production by close to 400%. Mr. Chris de Wet, colleague of Mr. Schultz, stated that integrated supply chain, traceability and sustainability are the key to the success of the program. He said that it is a difficult task to turn around the situation around but knowledge-sharing and proper management of information converting into a management tool would help the program to succeed. Mr Schultz's presentation is a statement of the meeting.

The panelist Dr. Kostas Aggelakis from Greece welcomed participants and wished them a successful meeting. He remarked that declining consumption is a global issue and countries must work together through mutual exchange of information to reverse the trend.

In answering to questions from the delegates of PAKISTAN and TANZANIA about the involvement of intermediaries from the seedcotton produced at the farm until it is ginned, Mr. Schultz replied that in South Africa either farmers or farmers' coops own gins, so the question of intermediaries does not apply to South Africa.

Ms. Maria Spentzou, of the Hellenic Agricultural Organization-Demeter, made a presentation on a System of Integrated Management In Cotton Crop Production In Greece with special reference to Standard AGRO 2-2/2. She stated that the basic target of the AGRO 2 in cotton is to produce a certified quality, protect the envi-

ronment, guarantee correct information to the consumer and support the Greek producers. Ms. Spentzou enumerated the benefits of the program as improved function of agriculture business, assured implementation of the legal and good agricultural practices and traceability, lower production costs and added value. She presented data and stated that the Integrated Management System (IMS) had performed much better in cotton than in other crops in terms of area and number of growers. About 100,000 hectares of cotton produced by over 14,000 producers were certified under IMS in 2013. The plan is to extend the IMS to the ginning process. Ms. Spentzou's presentation is a statement of the meeting.

Mr. Denilson Galbero of the Brazilian Cotton Growers Association presented a report on the Responsible Brazilian Cotton (ABR) program and described how sustainability considerations have evolved in Brazilian cotton growing. The ABR program had been launched in 2012 and ran in parallel with the Better Cotton Initiative (BCI). ABR certification and BCI licensing are a three-step process; diagnosis of production units, correction of nonconformities and certification/licensing. Mr. Galbero stated that use of child labor and undignified treatment of labor has zero tolerance both in ABR and BCI, while other criteria require various levels of conformity. Each worker is assured formal employment, fair salary, additional payments under the law, weekly rest breaks, and paid vacations, in addition to housing and medical assistance. Internationally renowned independent companies verify compliance with the set criteria and then certify production units. Certification entitles production units to use ABR conformity seal on each bale. The certificate is only valid for the corresponding crop year. Brazil is working to unify protocols of the BCI and ABR so that a single verification permits the use of ABR certification and BCI licensing. In 2013/2014, the percentage of BCI licensed production was 92% of ABR-certified production. The percentage is expected to keep growing until all ABR-certified production units are BCI-licensed as well. Mr Gablbero's presentation is a statement of the meeting.

The delegate of COLOMBIA congratulated the four speakers and remarked that each program has its own needs and requirements.

The panelist Mr. Eduardo Román, National Coordinator in Colombia described the project National Programs of Responsible Cotton Production, implemented by the FAO in six countries in South America. The project was conducted under South-South Trilateral Cooperation with financial support from Brazil. In this project, the Government of Brazil, together with

the FAO and partner countries, will exchange technology, technical and human resources, as well as share best practices developed in Brazil. The cotton sectors in project countries will produce cotton in a sustainable manner for the purpose of strengthening family farming in the region. Mr. Roman further stated that family farming is a key step toward improving food security. Mr Román's presentation is a statement of the meeting.

Mr. Mark Messura presented his report as Chairman of the Task Force on Cotton Identity Programs (TFCIP). The Task Force was formed with the objectives of serving as a statistical observer of the identity programs, clearing house for technical information and forum for exchange of experiences on identity cotton programs. The Task Force focused on five programs, i.e. organic cotton, Cotton Made in Africa, Better Cotton Initiative, Fairtrade and Bayer e3. He described all five programs and observed that the information compiled by the Task Force had not been independently verified and people interested in the subject should contact individual programs for clarifications and additional information. Mr. Messura reported that about 1.1 million tons of cotton had been produced under the five identity programs in 2012/13. The three largest producers of identity cottons are Brazil, India and Pakistan. In Africa, significant producers are Zambia, Côte d'Ivoire and Zimbabwe. Mr. Messura observed that side-by-side comparison of identity cotton programs had limited value and that a definition of 'Identity Cottons' remained problematic. He thanked all members and stated his opinion that the Task Force had completed its assignment. The TFCIP's report is a statement of the meeting.

The delegate of BRAZIL observed that it was the Brazilian delegation's proposal to establish a Task Force on Identity Cotton Programs. He asked Mr. Messura if these initiatives supported or conflicted with cotton promotion. The challenge from synthetic fibers remained the biggest challenge. Mr. Messura agreed that it was not the various identity programs but synthetic fibers that posed a real challenge for cotton. Worldwide promotion of cotton has to come together for cotton to compete more strongly with synthetic fibers. He repeated that the mission of the Task Force was complete.

The delegate of the African Cotton Association stated that the nomenclature be used in the Cotton Made in Africa was incorrect. He said there were other, much bigger, producing countries in Africa that did not participate in the Cotton Made in Africa program. He proposed that labels should be more specific, which the Chair of the Task Force also supported.

The delegate of USA stated that lot of work has been done in understanding identity cotton programs. His delegation also believed that the Task Force has completed its work.

Mr. Allan Williams, Chair of the ICAC's Social, Environmental and Economic Performance of Cotton (SEEP) presented the report "Measuring sustainability in cotton farming systems: Toward a guidance framework." He stated that measuring progress in sustainability issues and indicators is an opportunity for the cotton industry to decide priorities for sustainability performance, show improvement and better meet market needs for cotton. The list of indicators is a starting point and not an absolute list for every production system. He reviewed how the relevance, feasibility and usefulness based scores helped to reduce the list of indicators to from 189 to 68. He repeated the proposals to

form national level committees and pilot test the framework. Mr. Williams elaborated how the Australian cotton industry had selected 45 indicators, some additional indicators on the frequency of collecting data was added later. Australia had prepared a sustainability report that would soon be made available to the public. The cotton industry needed to consider how it could best participate in these initiatives and decide on ways in which to assess the sustainability of cotton. Mr. Williams made a mention of ongoing and possible future projects that would use the sustainability framework indicators. He reported that the SEEP report had been extensively reviewed and was almost ready to be published. The report would be available to the public before the end of the year. As Chair of the SEEP, Mr. Williams thanked all members of the SEEP, the Food and Agriculture Organiza-

tion of the United Nations, ICAC, the German development agency GIZ and the Australian Cotton Research and Development Corporation who he worked for, for their contributions and support in the work of the SEEP. The SEEP's report is a statement of the meeting.

The delegate of INDIA asked the Chair of the SEEP to elaborate on the sources of information for identifying the indicators, as they are not comparable in the case of identity cottons. Mr. Williams replied that the SEEP went through extensive analysis of the sources of information, spent much time on making assessments and prioritizing criteria before agreeing to the listed criteria. He agreed that the criteria are also generally applicable to agriculture, leaving a lot of room for countries and programs to make their own adjustments.

The First Open Session was adjourned at 13:30 hrs.

Second Open Session

Promotion of Cotton Use in Product Markets

9:00 hr. Tuesday, November 4, 2014

Mr. Jeff Silberman, International Forum for Cotton Promotion, in the Chair

The CHAIR welcomed everyone to the Second Open Session on Promoting of Cotton Use in Product Markets. He invited the first speaker Ms. Cruz del Barrio, who manages the research program for the home and garden industry at Euromonitor International.

Ms del Barrio stated that, in 2013, global retail sales of apparel and home textiles amounted to US\$1.523 billion, 93% of total of which comes from apparel. In the last five years the market has remained stable. In terms of volume size, the total global apparel unit sales jumped from 52.8 million in 1999 to 98.7 million in 2013. The market value growth in both apparel and home textiles have both grown at a compound rate of roughly 1-1.1% between 2008 and 2013, but global apparel unit sales between 1999- 2013 have risen by 4.6% p.a. The top two textile consuming countries in 2013, in value terms, were the U.S.A. and China. India has shown some growth, Latin America shows flat growth, while North America and Western Europe have shown declines. Positive trends for the global textiles industry included population growth and the urbanization in developing markets, which resulted in greater consumption of textiles. However, there were also some negative factors affecting the consumption of textiles, such as lower disposable incomes, poor household conditions, and lower expenditures in durable goods. The growth of washing machine usage and improvement in living conditions (access to electricity and water supply) in emerging markets will help to increase

consumption. Access to a bath or shower is a key factor to boost expenditures in bath textiles, as an example. Ms. del Barrio's presentation is a statement of the meeting.

The next speaker was Mr. Mark Messura, Senior Vice President, Global Supply Chain Marketing for Cotton Incorporated, where he is responsible for the company's global product marketing programs. Mr Messura commented that his presentation would provide an insight into the demand for cotton in the U.S. consumer market. Approximately 80-85% of every ton of cotton ends up in clothing sold to consumers and, because of the size of the U.S. market, the trends in clothing sales also are consistent with trends we see in many other consumer markets around the world. Lower fiber prices are increasing the demand for cotton among retailers, brands, and manufacturers. However, the change in prices does not have an immediate effect on market demand, and most clothing that it is for sale in stores actually is the result of a product development process that often begins 18-24 months before the product even appears on retailers' shelves. This means that today's competitive prices for cotton will be seen in clothing offerings in late 2015 and 2016. According to data available from the U.S market for men's clothing, only denim jeans and athletic clothing show an increase in the share of cotton used. In the case of women's clothing, the picture is not so good, since cotton's share of the market is lower than it was a year ago in all categories. There has been an increase in blended offerings and fewer 100% cotton offerings. Women's wear categories show that there are fewer 100% cotton

offerings and cotton competes with polyester and, to a lesser degree, rayon in this market. The denim market is extremely important for cotton in the United States because approximately one of every five tons of cotton sold at retail level is in the form of a denim-clothing product. This market showed an increase in blended products, primarily with spandex. The number of jeans brands in the U.S. has increased from roughly 200 in 1994 to over 800 in 2014 and ways to increase the sales of cotton denim jeans include fashion or technology. Consumers need a reason to buy jeans other than to replace worn out jeans. Fashion and Technology can influence consumers to buy more jeans. Cotton's biggest challenges may not be just other fibers, as we have to take into account how consumers spend their money. Apparel sales are only 3.4% of each dollar spent and this share has become less and less over time as consumers spend more money on health care, utilities, housing, and entertainment and electronics products. Mr. Messura's presentation is a statement of the meeting.

The next presenter was Ms Janet O'Regan, Director of Strategic Initiatives for Cotton Incorporated. She noted that nonwovens technologies use mostly synthetic fibers, including polyester, polypropylene, polyurethane, polyethylene and viscose. However, there are growing markets where cotton can bring value to new product development. Nonwovens are materials made directly from fibers. There is no traditional spinning process to produce yarns for weaving or knitting. The fibers are laid down on a moving belt and then thermal, mechanical and/or chemical processes are used to bond the fibers

into a material. Each of these major technologies account for about half the market. Cotton, since it does not melt and flow, can be used in the staple fiber technologies today. The category includes disposables, products used once and thrown away, and durables, products that have a long life. Nonwovens are produced globally, but primarily in the EU (26%), the US (25%) and China (22%). By 2016, China is expected to produce more nonwovens than North America or Greater Europe. China is also the largest consumer of nonwoven textiles. Nonwovens are a high growth market due to wipes and absorbent hygiene products. Because of these personal end uses, natural fibers are compatible with the consumer's wants and needs. Market growth occurs in developed markets, and is expected to surge in developing markets. Products/markets for nonwovens include absorbent wipes, flame retardant materials, diapers, feminine hygiene products, medical, and the largest category (48%) being hygienic and industrial wipes. As

the population ages, adult incontinence products will become even more important than they are now. Cotton can excel in these categories because the fiber is absorbent, retains moisture, superior to most synthetics and biodegradable. Another promising market, in which cotton's market share is even lower, is durable nonwovens, which include geotextiles for erosion control and crop covers, automotive for filters and laminates, construction materials, including insulation, and filtration materials. Cotton is a fiber that can bring value to applications outside of traditional apparel and home textiles. There is a global supply of this natural, renewable, biodegradable raw material. It has unique technical properties and products made using cotton can bring profitability to supply chain partners across countries and continents. Ms. O'Regan's presentation is a statement of the meeting.

During the question & answer session, a question was raised about the quality required for

nonwoven products. Ms. O'Regan answered that the high quality cotton it is not required for nonwoven carding and processing. Another question sought clarification about the relationship between ownership of washing machines and greater use of apparels. Ms. del Barrio answered that consumers in countries with low penetration of washing machines tend not to care about the percentage of cotton included in their clothes, because cotton products takes much longer to get dry.

In summing up, the CHAIR noted that current low prices present an opportunity for cotton to aggressively pursue new product development. Generic cotton promotion would be an effective response on the part of the global cotton community to the erosion of market share and the work of the International Forum on Cotton Promotion is important, and should continue.

The Second Open Session was adjourned at 10:30 hrs.

Third Open Session

Contract Sanctity

13:45 hr. Tuesday, November 4, 2014
Mr. Antonios Siarkos, Hellenic Cotton Association of Ginners and Exporters (Greece), in the Chair

The CHAIR introduced the issues related to contract sanctity and contract defaults in the world cotton market. He said that the topic is being recognized as one of the most important aspect of cotton commerce today and had been proposed to the ICAC by its Private Sector Advisory Panel. The concept of contract sanctity centers on the general idea that parties must honor their obligations once they have duly entered into a contract. However, the high volatility of cotton prices in recent years, both in the spot and futures markets, have put contract sanctity at risk. Contract defaults that result have plagued the cotton business in the recent past. The current list of companies that have failed to settle disputes between buyers and sellers is getting larger and larger. Many have been reluctant to bring the issue of the relationship between the buyers and the sellers to Plenary Meetings, but if this relationship breaks down completely and anarchy prevails it will open the door for synthetic fibers to dominate the textile business. There is an undoubted need for discipline in this sector, otherwise competition becomes unfair and the honest would be undercut by the dishonest.

However cotton growers and spinners are not the villains of contract sanctity. The lack of contract sanctity extends further up through the value chain, as weavers, garment manufacturers and retailers also feel free to renege on their commitments. The need for contract sanctity is ap-

parent but ways in which to address it would be discussed at this session by industry representatives and the delegates of the member countries.

The CHAIR introduced members of the panel who represent producers, trade, industry and arbitration bodies:

- Mr. Kai Hughes, Managing Director (ICA)
- Mr. Christian Schindler, Director General, (ITMF)
- Mr. Ahmed Rahman, Director of Textile Division, Beximco (Bangladesh)
- Mr. Fatih Dogan, Vice President, Mediterranean Textile & Raw Exporters Union (Turkey)
- Mr. Andrew Macdonald, Advisor, AMCOM (Brazil)
- Mr. Luiz Renato Zapparoli, President, AGOPA (Brazil)

The panel and the delegates had an extensive discussion of the issue of contract sanctity and contract defaults and arrived at the following conclusions.

The lack of contract sanctity in cotton business could favor synthetic fibers that compete with cotton for market share.

Mr. Kai Hughes defended the important role of International Cotton Association (ICA) contract based on the association's rules and bylaws. Although there are some companies that rely on the bond of trust, it cannot be a solution to a problem of contract sanctity. Fortunately there are trading rules in this market accepted by the majority of the cotton community that enable

international cotton trade.

Mr. Rahman pointed out the need for discipline in the cotton business to ensure fair competition and eliminate dishonest practices. A signed contract should be executed as agreed, and should it fail the disadvantaged party should be adequately compensated through the arbitration process. When disputes cannot be settled amicably, it is necessary to resort to arbitration. The decision or award of the arbitration is final and legally binding on both parties. It is important for the award to be recognized and enforced by courts compelling the unsuccessful party to comply with the terms of the award. The court should accept the decision of the arbitral authority and it should be final for both parties. Government support is required in order to fast track arbitration awards through the legal system. There is no need for more sanctions. The list of unpaid awards helps to deter companies from dealing with these companies. More work should be done to prevent companies from getting on the default list. It is always better to prevent than to cure. It is reasonable to assume that no one enters into a contract expecting to default. It is important to understand different reasons that could cause producers, spinners, weavers, or retailers to default on their contract. It is very important to look at the contract sanctity issue throughout the entire textile supply chain and not only where the ICA contract ends.

Mr. Macdonald pointed out that one of the main reasons for the lack of contract sanctity is price volatility in the cotton market. The higher the volatility, the less secure the trading environment

is and there is a need to cope with volatility.

Mr. Rahman and Mr. Schindler suggested that the major factor leading to defaults is cancellation of orders by spinners, weavers and retailers, and there is no discipline further up the value chain.

To cope with price volatility and contract defaults the panel proposed that hedging practices with options and futures would be a reliable approach. Merchants should protect their customers at first stages of the supply chain by giving them an opportunity to enter into contracts with minimum guarantee price for producers, and with maximum guarantee price for spinners. Cotton should be always hedged up until delivery for consumption. Governments could support this practice by requiring this type of contract,

especially in international trade. This practice could be extended up through the value chain to spinners, weavers and retailers, and governments could enforce the use of insurance against defaults as a compulsory measure for conducting business. Hedging could make financing by banks easier and more secure if a clear hedging strategy is used. Governments needed to play a more active role in the process in order to protect their textile industries and economies. Almost all governments represented in the textile business were signatories to the New York Convention of 1958 and should therefore ensure that arbitration awards were duly recognized by their legal systems. Without protection throughout the entire textile value chain the problem of contract sanctity will not go away and will help polyester

to gain market share. The establishment of a world yarn contract on the same principles as the international cotton contract could become an additional tool to help resolve arbitral issues among spinners and weavers.

A partnership between governments and the cotton industry is required in order to reduce the number of defaults. The trade is not requesting intervention, but rather for recognition of the problem and new laws and government support for the principles of fair and secure trade in order to create an environment that enables international trade to take place in an equitable and evenhanded manner.

The Third Open Session was adjourned at 17:00 hrs.

Fourth Open Session

The Outlook for Cotton Supply and Use

15:45 hr. Tuesday, November 4, 2014
Dr. Chris Parker, Minister-Counselor,
Embassy of Australia, Washington DC (USA),
in the Chair

The CHAIR invited the Secretariat to present on cotton supply and use.

Ms. Rebecca Pandolph noted that world ending stocks had increased sharply due to the production surplus accumulated in the last five seasons, reaching 13.3 million tons. Ms. Pandolph explained that generally when there is a production surplus, prices fall and area in the next season decreases, but prices in the last five seasons have been above the historical average for international cotton prices. In addition, farmers also take into consideration the prices of competing crops and that cotton was more attractive than competing crops in the spring of 2014, contributing to the 3% increase in world area. The world area under cotton has ranged between 30 to 36 million hectares in the last decade in response to changing prices, while yields have been more stable, averaging around 762 kg/ha. Although area increased in 2014/15, world cotton production remained stable due to slightly lower yields. India was expected to be the largest producer of cotton in 2014/15, reaching 6.8 million tons while production in the United States is set to reach 3.5 million tons, up from 2013/14, but below the volume reached in 2012/13. However, due to the changes in China's cotton policy, cotton production is expected to drop, reaching 6.5 million tons due to a 10% fall in area, which offsets the gains in production seen in other top producing countries in the northern hemisphere. Production is also expected to fall in Brazil and Australia, which as producers in the Southern Hemisphere, are reacting to the current low prices. A significant portion of world stock was held in China due to its reserve policy. Over the last three seasons,

China had purchased large volumes of cotton for its national reserve, but sold only 25% of its purchases, ending the 2013/14 season with around 11 million tons of cotton in its reserve. Cotton stocks held by the Chinese government have had a significant impact on the international cotton market by creating an artificial shortage and pushing up prices in the last three seasons. In 2014/15, as China was no longer purchasing cotton for its reserve and limiting imports, stocks held outside China's government reserve are expected to rise, putting downward pressure on prices and on international cotton trade. Despite significant production in the top exporting countries, exports were not likely to increase by the same magnitude, with U.S. exports reaching 2.4 million tons, up 7% from 2013/14 while India's exports are expected to fall to 1.2 million tons due to weak demand from overseas and increased demand from domestic spinning mills.

Ms. Lorena Ruiz noted that in 2014/15, world imports are projected to decline for the second consecutive year to 8 million tons, with imports from China falling 36% to two million tons due to a reduction in the cotton import quota in 2015. Imports by other countries will remain stable. Declines in imports by Turkey and Indonesia will be partially offset by increased imports in Pakistan and Vietnam, where cotton imports have doubled since 2010/11. China's cotton reserve policy had maintained cotton prices stable over the last two seasons and the Cotlook A Index averaged 91 cents/lb in 2013/14. The Secretariat forecasts that the Cotlook A Index would fall to a range between 64 to 89 cents/lb in 2014/15, with a midpoint of 75 cents/lb. She explained that price volatility, as measured by the spread between the maximum and minimum prices compared to the season-average, peaked in 2010/11, but in the last two seasons was below the long-term average. Looking at the long-term

history of cotton prices, volatility was likely to return in the future. Ms. Ruiz noted that world consumption of all textile fibers increased for the fifth consecutive year in 2013, but cotton's share of the textile market declined to 28% and is expected to remain at this level in 2014. The relative price of cotton to polyester is one of the drivers behind cotton's declining market share, and in 2013/14, the spread between the two prices averaged 20 cents, but narrowed to 9 cents in 2014/15. Furthermore, 88% of the time when cotton prices were higher than polyester prices, the market share of cotton declined, but cotton regained its market share only 33% of the time when polyester prices were higher. While cotton consumption is stable in developed countries, the difficulty for the cotton industry is that the product's market share has been declining in developing countries, which account for about 60% of apparel consumption. The Secretariat forecasts that cotton's market share will continue to decline, reaching 25% in 2025. Cotton mill use was stagnant in 2013/14 at 23.5 million tons, but is projected to rise 4% to 24.4 million tons in 2014/15 with growth occurring in primarily in India and China. Modest growth is likely to occur in Pakistan, Turkey, Bangladesh and the United States. Ms. Pandolph and Ms. Ruiz's presentations are statements of the meeting.

The director of CMDT asked why cotton price was more volatile than its main fiber competitor polyester. Ms. Ruiz responded that unlike polyester, governments tend to intervene in the cotton market and these interventions can have unexpected consequences that make prices more volatile. Ms. Ruiz noted that recently, demand for polyester has fallen sharply while polyester production continues at previous levels creating an oversupply and that sometime in the future polyester prices are likely to become more volatile as well. The delegate from the United

States noted that while government measures can impact prices, cotton is also more volatile due to the fact that it is a natural fiber subject to variations in soil conditions and weather that make supply uncertain each season.

Mr. Andrei Guitchounts presented a report on government measures affecting the cotton sector. Direct assistance to cotton is provided through direct support to production, border protection, crop insurance subsidies, minimum price support mechanisms, input subsidies and transport subsidies. In 2013/14, subsidies were provided in 10 countries and the value of these subsidies totaled US\$6.5 billion. The Secretariat has found that subsidies tended to increase when the average international price of cotton decreased and that due to higher prices in the last few seasons, the share of cotton production under direct assistance decreased to around 47% which is less than the long-term average of 55%. China provided US\$5.1 billion in subsidies in 2013/14 through its purchases of domestic cotton at a fixed price well above international cotton prices. In the last three seasons, the Chinese government had purchased around 16 million tons at high prices. These purchases had hurt its spinning sector and the country still hold 11s million tons of stock. With regard to the United States, only crop insurance was available for U.S. cotton growers. This is provided by the private sector, but the premiums are subsidized by the U.S. government, resulting in an average of 7 cents/lb. of direct assistance. Several countries use a minimum support price mechanism. One example was India, where the

J-34 cotton variety was set at a minimum price of Rs. 3700 per 100 kg of seed cotton (U.S. \$0.82/lb) in 2013, but this mechanism did not go into effect due to high international prices. In the European Union, both Greece and Spain receive direct assistance and Spain has the high per-unit level of assistance at 84 cents/lb. Turkey provided U.S. \$454 million in assistance in the form of a premium for high quality seed cotton. China's level of assistance far exceeded that of the other nine countries that received assistance in 2012/13 and 2013/14. In African countries, like Burkina Faso, assistance often took the form of input subsidies. Mr. Guitchounts' presentation is a statement of the meeting.

The director of CMDT asked whether any export subsidies were paid in 2013/14. Mr. Guitchounts stated that no export subsidies were paid in the last few seasons.

Ms. Marième Fall from the World Trade Organization (WTO) reviewed the history of cotton in the Doha Development Agenda. This had begun when the "Cotton-4" introduced a cotton initiative to the WTO in April 2003. The August 2004 Framework made reference to specific treatment of cotton in the agricultural negotiations and the creation of a sub-committee on cotton. In the December 2005 Hong Kong Ministerial cotton was further discussed and the statement "Cotton to be addressed ambitiously, expeditiously and specifically" was approved. Among the outcomes of the Bali Ministerial Conference in 2013 were commitments regarding tariff rate quota administration and a cotton decision. The cotton decision (WT/MIN(13)/41 reaffirmed the

general objectives, stated that the August 2004 framework and the 2005 Hong Kong Ministerial declaration still remained useful as a basis. Work was also done in connection with a revised draft on modalities, which acts as a reference point for further negotiations, but still remains in draft form. Ms. Fall explained that the cotton decision also stated that the WTO would "undertake to enhance transparency and monitoring" and "On a bi-annual basis...{would} examine relevant trade-related developments across the three pillars of market access, domestic support and export competition in relation to cotton." She noted that in June 2014 back-to-back discussions were held on trade-related developments for cotton and the DG Consultative Framework mechanism on Cotton (development aspects). Similar discussions will occur at the second dedicated discussion scheduled for November 28, 2014. Ms. Fall discussed the WTO trade facilitation agreement that would expedite movement of goods, including cotton, across borders, improving cooperation between customs and other authorities as well as enhancing technical assistance and building capacity. She noted that while negotiations had been concluded, the deadline for drafting the protocol of amendment had passed this summer due to lack of convergence between members, but would remain open for acceptance until July 2015. The Trade Facilitation Agreement would enter into force upon acceptance by two-thirds of WTO members. Ms. Fall's presentation is a statement of the meeting.

The Fourth Open Session was adjourned at 14:45 hrs.

Fifth Open Session

Prerequisites for Textile Industry Growth: Improving Efficiency

9:00 hr. Wednesday, November 5, 2014
Mr. Vassilis Masselos, Hellenic Fashion Industry Association (Greece), in the Chair

The CHAIR opened the Fifth Open Session on Prerequisites for Textile Industry Growth: Improving Efficiency. He invited the first speaker Mr. Vasilios Dontas, of Selected Textilkes S.A. Mr. Dontas noted that cooperation and partnerships are necessary in order to support the national textile industry. The cotton value chain needs to work together to improve quality, ensure that fiber is free from contamination, provide the required infrastructure and create new spinning mills with high technology that would help lower costs of production and bring flexibility to production processes, thereby meeting the requirements of the market. Mr. Dontas concluded his intervention by mentioning that improvements in the textile sector can bring benefits to the local economy in countries with a high unemployment rate.

The CHAIR commented that only 10% of the

cotton produced in Greece is processed in the country, since linkages between the raw material and the clothing industry have been almost completely lost.

The CHAIR invited Mr. Fred Kongongo, who is a regional economic development practitioner in Africa and cotton focal point for the Common Market for Eastern and Southern Africa (COMESA). His presentation focused on a joint initiative of that institution with the Economic Community of Central African States (EAC) and Monetary Union of West Africa (UEMOA). The regional approach to textile development is important because of the small size of the countries involved and the regional integration efforts. Africa contributes approximately 6% of the world production out of SSA, 0.77% of world consumption and 15% of world cotton exports. The major constraints facing the cotton industry are asymmetric development, environmental costs, and reduced incentives in value added distribution among actors and geographical areas. However, great opportunities existed, such as the

rationalization of production, space, transformation, and economies of scale. Furthermore, production is rainfed and has a great impact in the social-economic environment. Mr. Kongongo highlighted that the textile industry in Africa still needs to address some challenges: hard infrastructure, secured business environment, and market access. Mr. Kongongo's presentation is a statement of the meeting.

The next speaker Mr. Giuseppe Gherzi, is a partner at the Foundation of Gherzi Wolak Engineering. He noted that world fiber consumption reached approximately 87 million tons in 2013. Short staple fibers accounted for 52% of the total consumption, while filament fibers accounted for 41%. Furthermore, the total textiles surfaces reached 84 million tons. Traditional textiles represented 72% of the total textiles surfaces. The total value of the market is estimated at approximately 1.5 billion dollars. There has been a huge shift in the textile industry in the last fifty years. The forecast for the production of textiles fibers in 2020 is that fiber consumption

will improve to 101 million tons, short staple fibers will increase to around 51 million tons, and filament will rise to 44 million tons. The total value market is expected to increase to 1,800 billion dollars in the same period. The key factors in the success of the industrial processing of cotton and the attraction of foreign direct investment changed as one moved downstream

along the supply chain. In the initial stages, such as spinning and weaving, low labor and energy costs were crucial. Government subsidies could also play a considerable role. At later stages in the supply chain, such as garmenting, low labor costs continued to be important but other factors, such as participation in free trade agreements, could be decisive. Mr. Gherzi's presentation is a statement of the meeting.

The CHAIR concluded the panel commenting that there are two ways to build up a chain, either by taking advantage of cheap competitive labor costs or attracting the conversion of the fibers. However, energy and transformation cost are important key to achieve competitiveness.

The Fifth Open Session was adjourned at 10:30 hrs.

Sixth Open Session (Technical Seminar)

Enhancing the Mechanism of Input Interaction in Cotton Production

9:00 hr. Thursday, November 6, 2014
Prof. Andreas Karamanos, Agricultural
University of Athens, in the Chair

Five papers were presented in the Technical Seminar organized on the topic of "Enhancing the Mechanism of Input Interaction in Cotton Production". In his welcome to the participants, the CHAIR said that farmers need to be encouraged to reduce input use also to improve the image of cotton as a sustainable commodity.

Dr. Mehboob-u-Rahman, ICAC Researcher of the Year 2014, presented a paper on the 'Role of genetic and genetic engineering in optimizing input use' wherein he focused on guiding principles for future research on cotton. He stated that there is a need to close the gap conventional and genomic tools for incorporating genes involved in enhancing water use efficiency, extend high net photosynthetic rate, improve plant architecture, improve root structure and enhance lint to seed ratio. Regarding the root system, Dr. Rahman stated that scavenging and capturing water and nutrients from deeper layers of the soil would minimize the need to apply these inputs from above ground. Identification of genomic regions that can confer such a root system and their introgression in conventional varieties using DNA markers has tremendous benefits. Delayed leaf senescence is another top priority area for molecular biologists. Dr. Rahman mentioned a study undertaken in collaboration with the USDA wherein a huge resource of germplasm against the leaf curl disease has been identified in Pakistan. Many asymptomatic accessions are under study for identifying DNA markers. Other genomic studies like RNAi using virus pathogens and the whitefly control using sex lethal genes should continue to combat the rapidly evolving viral genome. Many other characters that are complex and difficult to improve through conventional technologies can be tailored using DNA marker technologies. Answering to a question from the floor, Dr. Rahman stated that though no gene from *G. raimondii* has yet been commercially utilized, a huge potential

exists for future uses. Dr. Rahman's presentation is a statement of the meeting.

Dr. Vassilis Kotoulas of Greece made a presentation on 'Deficit irrigation effects on growth, water status and yield on cotton cultivated in Central Greece.' He stated that about 70% of the water managed by man globally is utilized in agriculture and, unfortunately, a large proportion of the irrigation water is wasted as over-irrigation. Adjusting the time and amount of irrigation permit the use of deficit irrigation programs when water supply is limited. Dr. Kotoulas reported results of his 3-year studies wherein he calculated crop evapotranspiration rate from meteorological data for determining crop water needs. Then, a full irrigation treatment and two levels of deficit irrigation (75 and 60% of the water applied in full irrigation) were tested. In all cases water was applied only at drought sensitive stages and in smaller amounts, but the number of irrigations remained unchanged. He concluded that deficit irrigation resulted in early maturity but lower yields by 8.5 to 14% in comparison to full irrigation, while reducing water use by 20 to 31%. From the two deficit irrigation levels tested, he observed that in Greece it was economical to impose deficit irrigation if the cost of irrigation exceeded 600 euros/ha. Mr. Kotoulas' presentation is a statement of the meeting.

Cotton production in Chad faces various challenges with respect to interaction of inputs, said Mr. Fauba Padacke of the Cotontchad SN. Only two varieties, developed in 1991 and 1995, are grown on a commercial scale. Although possessing good fiber quality, one variety is highly sensitive to weed infestation and other pests. Insufficient use of organic fertilizer prevents the crop from making efficient use of 150 kg of NPKSB and 50 kg of urea, even if applied on time and in proper doses. Herbicides are not used, which further limits the plant's ability to express its full potential. Chad is planning to increase the recommended dosage of fertilizer. Quality seed production has increased to almost 2/3 of the planting seed needs in the country.

Acid delinting of seed will begin from next year onwards, in order to boost germination and improve optimum use of other inputs. Mr. Padacke made a number of recommendations for all segments of the cotton industry to be followed step by step. A delegate from SWITZERLAND wanted to know if legumes are used in cotton rotation for improving soil fertility. Major crops that rotate with cotton are food grains. Legumes are planted in the cotton rotation but to a lesser extent. Mr. Padacke's presentation is a statement of the meeting.

Cotton production changed hands and address in Brazil, said Dr. Sebastião Barbosa, Director General of EMBRAPA-Cotton, from Brazil. Cotton production moved from the semiarid labor-intensive smallholder production system in the northeast to the midwest of the country. Dr. Barbosa stated that the highly acidic and low fertility soils of the savannah in the midwest demanded a new production model that was based on high lime use and fertilizer application. Cotton was adopted in the savannah region of the midwest in rotation with soybeans. Unlike the northeast, boll weevil was not a threat to cotton production in the midwest but herbicide applications were popular to control weeds. Dr. Barbosa mentioned that production practices were driven to an intensive high input production system due to intense attacks from boll weevil and, more recently, by the introduction of the American bollworm. Cotton yields are the highest in the world under rainfed conditions and, according to him, they have a potential to rise even further. However, the consequences of high input use, especially insecticides, carry severe economic, soil and environment implications. The delegate of NIGERIA commented that ICAC should assist countries with low productivity to raise yields. Mr. Barbosa's presentation is a statement of the meeting.

Dr. Lastus Serunjogi of the Cotton Development Organization, Uganda, divided inputs into four groups (genetic, chemical, biological and physical/timing) but focused his presenta-

tion on chemical inputs and their mechanisms and impact on fiber quality. He concluded that various inputs affect cotton yield and quality through their respective interactions in the cotton production environment. Their influence is in terms of controlling pests, diseases and weeds, providing nutrients to the cotton plant and controlling growth for the appropriate allocation of assimilates in favor of yield and quality components. The cotton quality can be approached in terms of cleanliness and freeness from foreign contaminants and neps, appearance of the cotton in terms of color or radiance and intrinsic fiber and spinning quality parameters. Therefore, balancing input use in cotton produc-

tion is paramount for high quality cotton. Dr. Serunjogi's presentation is a statement of the meeting.

The issue of stickiness, caused by whitefly and aphids, came under discussion but no newer technologies are yet available to eliminate the causal organisms.

The Committee on Cotton Production Research of the ICAC decided that the 2015 Technical Seminar will be on the topic 'Elimination of insecticides from cotton production: Is this possible?' In addition, it recommended that an Open Session should be dedicated to 'International exchange of germplasm' and a Breakout Session on 'Mechanization of cotton picking.'

The 6th World Cotton Research Conference (WCRC-6) will be held in Brazil in the city of Goiânia, Goiás, from June 20 to 24, 2016. Pre-registration is now open and additional information on the Conference is available at www.wcrc-6.com. CABI, the Food and Agriculture Organization of the United Nations (FAO) and the Centre de coopération internationale en recherche agronomique pour le développement (CIRAD) are sponsoring the Conference. Major support comes from the ICAC. The WCRC-6 will be organized under the auspices of the International Cotton Researchers Association (ICRA). The International Committee headed by the Chairman of ICRA is advising the local organizing committee.

Meeting of the Steering Committee

9:00 hr. Friday, November 7, 2014
Dr. Chris Parker, Chair of Standing Committee, in the Chair

The CHAIR called the Steering Committee Meeting to order and asked if there were comments or suggestions to the preliminary agenda of the meeting. Seeing none, the Chair found that the agenda was approved.

Election of the Standing Committee Officers, Working Paper I

The CHAIR introduced Working Paper I, which contained the recommendations of the Nominating Committee for nominations to the Standing Committee.

The Rules and Regulations specify that, when practicable, the First Vice Chair will be nominated to succeed the outgoing Chair and the Second Vice Chair nominated to succeed the First Vice Chair. The current First Vice Chair, Luiz Felipe Schmidt, Secretary, Embassy of Brazil, is unable to serve as Chair during 2014-15. There was a consensus in the Nominating Committee to nominate Ms. Wei-jiun Liao, Officer, Economic Division, Taipei Economic and Cultural Representative Office, currently Second Vice Chair, to serve as Chair.

Accordingly, the Nominating Committee felt obliged to nominate both a First Vice Chair and Second Vice Chair during its meeting. Based on geographical rotation, representation to importing and exporting countries, ability, interest and participation in the work of the Committee and timely payment of assessments, the Nominating Committee had nominated Mr. Tomasz Sowa, of Poland, to serve as First Vice Chair and Ms. Reenat Sandhu, of India, to serve as Second Vice Chair. The Standing Committee at its 529th Meeting had endorsed the three nominations.

The CHAIR asked if there were comments on the report of the Nominating Committee, and seeing none he found that Ms. Liao, Mr. Sowa

and Ms. Sandhu were confirmed as Chair, First Vice Chair and Second Vice Chair of the Standing Committee, respectively, for the period from the end of the 73rd Plenary Meeting to the end of the 74th Plenary Meeting. All delegates congratulated the incoming officers. Working Paper I is attached.

Topic of the 2015 Technical Seminar, Working Paper II

The CHAIR introduced Working Paper II, which contained a proposal from the Committee on Cotton Production Research as to the subject of the Technical Seminar to be held during the 74th Plenary Meeting in 2015. The recommended subject was "Elimination of insecticides from cotton production: Is this possible?"

The CHAIR asked if there were comments on the proposal received from the Committee on Cotton Production Research, and seeing none he declared the topic approved.

Due to lack of time, the Drafting Group had been unable to take up the remainder of the report of the Committee on Cotton Production Research. The draft report will be circulated to Coordinating Agencies and Delegates to the Standing Committee for their comments and later included in the Proceedings. Working Paper II is attached.

Uncollected Assessments of Member Governments of the ICAC, Working Paper III

The CHAIR introduced Working Paper III, which contained the current status of uncollected assessments of ICAC members and requested the Executive Director to brief delegates on this issue.

The Executive Director explained that, in recent years, the ICAC had opted to not enforce strictly the terms of paragraph (f) of Section 4 of the Rules and Regulations, which call for the suspension of members that are more than two years behind in their contributions to the ICAC.

The amount of uncollected assessments had risen from \$371,371 on June 30, 2010, to \$817,883 on the same date in 2014. The Standing Committee had requested clear guidance from the Steering Committee as to the procedures to be followed and especially with regard to the situation of the four members, namely IRAN, NIGERIA, PERU and SUDAN, who carried arrears dating to before the 2011/12 fiscal year. The Executive Director noted that two of these four members had been in contact with the Secretariat. The Government of NIGERIA had submitted a written communication explaining that the delay in payment had been caused by administrative issues and that all arrears would be settled by the end of December 2014. The delegate of IRAN had communicated verbally to the Secretariat that his Government had the means with which to pay arrears but that international sanctions had impeded the transfer of funds. He had requested an extension to the end of March 2015, by which time payment would be made.

The delegates of NIGERIA and IRAN made the point that membership of the ICAC was precious and that they wished to remain a part of the international cotton family.

The CHAIR noted that the ICAC valued all member countries and the goodwill demonstrated by NIGERIA and IRAN. He therefore recommended that their requests for an extension should be granted.

In the ensuing discussion, the point was made that, as a matter of equity, the same leniency should be shown to other members in arrears. The delegate of INDIA suggested that the extension should last until the end of the fiscal year. However, the Executive Director noted that the Secretariat needed to know the countries that would contribute to the following year's budget at the beginning of the budget cycle, in the second quarter of the calendar year. Accordingly, the Steering Committee decided to extend until

1 April 2015 the deadline for payment of all outstanding arrears by IRAN, NIGERIA, PERU and SUDAN, failing which their membership in the ICAC would be suspended.

The Steering Committee also conducted a general debate on the treatment of arrears, during which the delegate of GERMANY made the point that other sanctions, short of suspension, existed in the Rules and Regulations, such as discontinuation of the provision of documents and other services.

The Steering Committee decided that the Standing Committee should pay close attention to this matter and take the steps it believed necessary to reduce arrears. In particular, the question of uncollected assessments should become a permanent item in the agenda of Standing Committee meetings and the relevant documents should be circulated in advance, so as to enable delegates to prepare themselves. Working Paper III is attached.

Seeing no other comments on the issue of uncollected assessments, the CHAIR asked if there were other business, and seeing none declared the meeting adjourned at 10:30 hrs.

ATTACHMENTS

Working Paper I

Election of Standing Committee Officers

Recommendation from the Standing Committee

A nominating committee met in the office of the Secretariat on May 29, 2014 to propose a slate of officers for the Standing Committee for the coming year. Delegates from Egypt, Germany, Greece, India, Italy, Mali, South Africa, Switzerland, Taiwan and the USA attended the meeting. The executive director attended the meeting and Mr. James Johnson of the United States served as Chair.

The Rules and Regulations specify that, when practicable, the First Vice Chair will be nominated to succeed the outgoing Chair and the Second Vice Chair nominated to succeed the First Vice Chair. The current First Vice Chair, Luiz Felipe Schmidt, Secretary, Embassy of Brazil, is unable to serve as Chair during 2014-15. There was a consensus to nominate Ms. Wei-jiun Liao, Officer, Economic Division, Taipei Economic and Cultural Representative Office, currently Second Vice Chair, to serve as Chair.

Accordingly, the Nominating Committee felt obliged to nominate both a First Vice Chair and Second Vice Chair during its meeting.

The Rules and Regulations say that the election of officers should take into account:

- Rotation on as broad a geographical basis as possible,

- Adequate representation to importing and exporting countries,
- Ability, interest and participation in the work of the Committee,
- Timely payment of assessments.

After consideration of these factors, the Nominating Committee agreed that Mr. Tomasz Sowa, Secretary, Embassy of Poland Trade & Investment Section, should be nominated to serve as First Vice Chair and that Ms. Reenat Snadhu, Minister, Embassy of India, should be nominated to serve as Second Vice Chair. Both Mr. Sowa and Ms. Sandhu have demonstrated interest in the work of the ICAC through frequent participation in meetings. Officers representing Taiwan, Poland and India will provide broad geographical representation, to both developed and developing countries, and representation to both importing and exporting countries. The governments of Taiwan, Poland and India are all current in the payment of assessments to the Secretariat.

The nominations received provisional approval from the Standing Committee at the 529th Meeting on June 5, 2014.

Accordingly, the Standing Committee proposes the following slate of officers to the plenary meeting for the period from the end of the 73rd Plenary Meeting in 2014 to the end of the 74th Plenary Meeting in 2015:

- Ms. Wei-jiun Liao, Taiwan, Chair
- Mr. Tomasz Sowa, Poland First Vice Chair
- Ms. Reenat Sandhu, India, Second Vice Chair

Working Paper II

Topic of the 2015 Technical Seminar

Proposals from the Secretariat to the Committee on Cotton Production Research

The following themes are suggested as possible topics for the 2015 Technical Seminar:

Elimination of Insecticides from Cotton Production: Is this Possible?

Vigorous encroachment by insects, lack of efficient control measures and extensive promotion of insecticides by the private and public sectors, among others, have facilitated the use of insecticides. Insecticide use spread quickly and increased tremendously, reaching uneconomical and unsustainable levels. Consequently, a growing consciousness of the need to produce cotton under safer environment has arisen with a renewed emphasis on integrated pest management approaches that are no doubt less expensive but require patience, planning and implementation on large-scale areas. The integrated pest

management of cotton has been discussed for decades, but its implementation was dominated by extensive promotion for insecticide use. Now, the environmental impact of cotton production has also been recognized and any new technology is evaluated not only on economic factors but also environmental considerations. Technologies have become available that raise the prospect of abolishing insecticides from cotton production systems. Experts will discuss scenarios for the production of cotton without insecticides, including the possibilities and opportunities to get rid of insecticides.

Uphill Task in the Genetic Engineering of Cotton

Genetically engineered biotech cotton was grown on a commercial scale in 14 countries during 2013/14. Sudan and Paraguay are the latest countries to commercialize biotech cotton. Only a few countries are not in line to adopt biotech cotton. Though over 65% of the world cotton area is under biotech varieties, the number of countries commercializing biotech cotton has not grown as fast as was initially expected. The overall decrease in the pressure from bollworms, the development of improved chemicals and the containment of insecticide costs have contributed to a slowdown in the adoption of biotech cotton. The lack of newer genes and technologies has also hampered the adoption process. Biotechnology has tremendous applications and is still underutilized. The cost of developing/discovering new genes is high and the recovery incentive is extremely uncertain. Certain issues are large but specific to a given location or region and adequate research efforts are not being devoted to their resolution. Researchers will discuss the technology challenges faced beyond biosafety regulations.

Mechanization of Cotton Picking

Currently, about 70% of world production is hand-picked and only 30% machine-picked. Countries that adopted machine-picking have never reverted to hand-picking. The Central Asian countries had to take a step back in the 1990s but have returned to machine-picking or are striving hard to close the gap that arose since early 1990s. Labor costs are rising and the future of cotton production lies in machine-picking. The high cost of labor is the primary, if not the only, reason for shifting to machines. The ICAC statistics show that the cost of picking is lower in countries that use machines to pick cotton in comparison with those that employ manual labor. Switching from hand to machine is not a simple procedure but requires series of changes from research to field and beyond, until a bale is packed. The countries that have the potential to adopt machine-picking are characterized by small holdings. Therefore, the need in the future will be for developing small machines that are affordable and capable of picking neat and clean cotton without harming quality parameters.

Working Paper III

Uncollected Assessments of Member Governments of ICAC

As of October 23, 2014

Recommendation from the Standing Committee to the 73rd Plenary Meeting of the

INTERNATIONAL COTTON ADVISORY COMMITTEE

Thessaloniki (Greece)

November 2-7, 2014

Country	Current year	Prior year	Prior year	Prior year	Total
	2014-15	2013-14	2012-13	2009-12	
Argentina	24,900				24,900
Belgium	20,300	19,500			39,800
Brazil	98,600	93,800			192,400
Cameroon	25,400	24,200			49,600
Chad	21,100				21,100
Colombia	22,700				22,700
Cote D'Ivoire	28,000				28,000
Egypt	33,400				33,400
France	10,200				10,200
Greece	40,300				40,300
Iran	24,500	24,400	23,400	51,676	123,976
Kazakhstan	24,400				24,400
Kenya	18,300				18,300
Korea	718				718
Mali	31,300				31,300
Mozambique	19,200				19,200
Nigeria	22,200	21,700	21,700	21,200	86,800
Pakistan	68,500	790			69,290
Paraguay	19,400	18,500	2,492		40,392
Peru	34,300	33,500	33,862	30,762	132,424
South Africa	22,100	20,500			42,600
Spain	22,900				22,900
Sudan	20,600	19,400	20,800	23,425	84,225
Tanzania	23,300				23,300
Togo	21,000				21,000
Uganda	20,900				20,900
USA	312,700				312,700
Uzbekistan	87,400	20,313			107,713
Zambia	19,600				19,600
Total	1,138,218	296,603	102,254	127,063	1,664,138

Closing Session

11:00 hr. Friday, November 7, 2014

Prof. Georgios Skaracis, Agricultural University of Athens, in the Chair

Reading of the Final Statement of the 73rd Plenary Meeting

The CHAIR called the Closing Plenary Session to order and began the meeting by asking the Executive Director to read the Final Statement of the 73rd Plenary Meeting, which is an integral part of these Proceedings.

Closing Comments by Greece

On behalf of the Greek Government, Mr P. Koukouloupoulos, Alternate Minister of Rural Development and Food, thanked all delegates, observers and representatives for their participation and their contribution to a successful plenary meeting. He stressed the importance of cotton for the economy of Greece, where interbranch organizations played an important role in the production and ginning of cotton with the full support of the government. During the 73rd Plenary

Meeting aspects relative to all segments of the cotton value chain were discussed and through them interesting conclusions would come out. He noted that cotton faces big challenges all over the world and that cooperation among States will help in planning the right government policies. He concluded by expressing his appreciation to the Organizing Committee, the Executive Director and the staff of the ICAC for all their efforts to hold this special event in the historical city of Thessaloniki and bid farewell to all participants.

Closing Comments by Other Delegates

The delegates of AUSTRALIA, COLOMBIA, EGYPT, INDIA, PAKISTAN, TANZANIA, TURKEY and UZBEKISTAN thanked the Government of Greece for hosting the meeting and the Organizing Committee for its outstanding work. They praised the beautiful city of Thessaloniki and the warm hospitality of the Greek people. Delegates also highlighted the contributions of the Executive Director and the Secretariat to putting together an interesting pro-

gram and making the meeting a success. In his remarks, the delegate of UZBEKISTAN noted the importance of instrument testing of cotton to promote a level playing field in commercial transactions and suggested that the next Plenary Meeting include a session on topics related to ginning. Delegates stressed the importance of the ICAC as a forum for exchanging and disseminating information about cotton.

Closing Comments by the Chair

The CHAIR congratulated all those involved for making the meeting a great success. He noted that the word that best summed up the week's works was "sustainability" in all its forms, whether environmental, social or economic. The world cotton sector faced many challenges, but ICAC members came away from this meeting better equipped to face the future.

The CHAIR declared the 73rd Plenary Meeting adjourned at 12:15 hrs.

The Secretariat of the ICAC does not have all the summaries from the Breakout Sessions. Following, are the only summaries presented by their respective chairs

First Breakout Session

Production Practices for the Improvement of Cotton Productivity

Tuesday, November 4, 2014 at 9:15 hrs.

Prof. Euphemia Papadopoulou-Mourkidou, Aristotle University of Thessaloniki, Greece, in the Chair

Speakers:

1. Mr. Athanasios Zounos, Ministry of Rural Development & Food (Greece)
2. Dr. Rafiq Chaudhry (ICAC)

The Integrated Pest Management (IPM) program implemented in cotton production in Greece, in accordance with the EU 128/2009 Directive on Sustainable Use of Pesticides, was presented by Mr. Zounos, member of the Plant Protection Division in the Greek Ministry of Rural Devel-

opment and Food (GMRD&F). The process of drafting and further review and adoption of the IPM guidelines by the responsible authorities was presented. An extensive network of pest monitoring facilities, based on pheromone traps and field observations, was established by GMRD&F covering the entire cotton production areas of Greece. Regionally specific data on economic threshold levels of pests, plant disease forecasts and other pertinent information concerning the implementation of appropriate crop protection measures are disseminated to farmers via multiple mass media and communication tools.

The World Cotton Calendar was presented by Dr.

Rafiq Chaudhry, Head of the Technical Information Section of ICAC. This is an extensive data base on cotton production of all ICAC member countries that includes information on cotton varieties cultivated and respective areas, application of N, P and K fertilizers, existing insect pests, weeds and diseases and monthly activities of cotton production practices in each country. Production practices include pre-sowing tillage and fertilizer applications; post-sowing timings of fertilization, irrigation, weeding, as well as insecticide and defoliant applications; and finally timings of cotton picking and ginning and post-harvest tillage. The data are updated every three years and are available to the public on the ICAC webpage.

Fifth Breakout Session

Cotton Classification: A Vehicle for Standardization of Trading Practices

Wednesday, November 5, 2014 at 11:00hrs.
Dr. Urania Kechagia, Greece, in the Chair

Three speakers were called to share their experiences and views on cotton classification.

- Mr. J. Knowlton, of the U.S. Department of Agriculture, presented the key points for a reliable and efficient classification and the various related problems. He strongly recommends the use of appropriate instrument testing over older arbitrary methods. In the USA nearly 100% of local production is classified by instruments

according to the most important cotton fiber parameters.

- Mr. M. Busaga, head of the ICAC/CFC project, referred to the progress made in Mozambique and Kenya by applying instrument testing and also to the problems faced.
 - Mr. M. Darawsheh from Greece talked about his experience regarding instrument testing recently applied in Greece.
- Finally Dr. Axel Drieling, member of the ICAC

Task Force on Commercial Standardization of Instrument Testing of Cotton (CSITC) presented a report on efforts to harmonize instrument test results and recommendations based on round trials tests.

During the ensuing discussion it was concluded that instrument testing and the standardization of materials are indispensable tools and their general application is strongly recommended. Further recommendations were to insert the data into contracts and arbitrations and to designate laboratories to perform tests in case of disputes.

Sixth Breakout Session

The Importance of Logistics: Enhancing Efficiency

Thursday, November 6, 2014 at 9:00 hrs.
Mr. Kostas Davelopoulos, Romilos J. Davelopoulos Maritime and Comm. Co., (Greece) in the Chair

Three speakers were called to share their experiences and views on the Importance of Logistics.

- Mr. Fritz Grobien, of Plexus Inc, emphasized the importance of logistics costs as a component of cotton prices. He also referred to the relevance of enhancing operational efficiency, and the need to

seek continuous improvements in the logistic process.

- Ms. Effie Voudouris, of Vamvaki Ltd., referred to the crucial role that logistics have in the promotion of the exports of Greek cotton, and new developments to meet future challenges.
- Mr. Peter Wakefield, of Wakefield Inspection Services, referred to the importance of standardizing phytosanitary certificates

among countries, which leads to a reduction of costs and time. Mr. Wakefield mentioned that to be efficient the cotton industry needs to adapt to the changes that globalization is bringing and to standardize quality systems. He also remarked that planning and information are a key point to enhancing efficiency, not only to plan in advance of the actions to take place, but to know the correct information that will make the movement efficient.

World Café

Promoting Cotton / Establishing Brands

Wednesday, November 5, 2014 at 11:00 hrs.
Facilitator: Effie Voudourous (Greece)

Other participants:

- Mark Messina: Cotton Incorporated (US)
- Janet O'Regan: Cotton Incorporated (US)
- Jeffrey Silberman: International Forum for Cotton Promotion (IFCP)

The World Café is an “around and up” management tool that was used to enable participation from the cotton industry to help the IFCP develop marketing strategies in competing with chemical fibers.

Day 1: Questions Posed to Participants

1. Who are we (participants at the table), and what is our individual and collective stake in cotton competing successfully against synthetic fibers?
2. What are the strong attributes for the cotton “brand” at retail and among consumers?
3. What factors need to be overcome in order to be more effectively promote the cotton brand to consumers in different countries?

Templates were created and a brief powerpoint presentation was provided in order to guide the participants. Topics were grouped into the following categories:

- Environment Discussion Notes: Cotton Branding vs. Polyester Branding
- Strategy Discussion Notes: Cotton Branding vs. Polyester Branding
- Technical Discussion Notes: Cotton Branding vs. Polyester Branding

Participation: Attendance approximately 30

Day 2: Compilation and Discussion

Discussions focused on compilation of day 1 activities and responses, with tables in discussion focusing on distilling the information received, outcomes, and uses of that information.

It was indicated by the discussion moderators and facilitator of the session that this information could be used in the indexing of the new IFCP website (cottonpromotion.org), that will be revamped in 2015.

Participation: Attendance approximately 30

Discussion notes below, by Janet O'Regan:

Key points of the discussion of Day 2 (November 6, 2014):

Environment Discussion Notes: Cotton Branding vs Polyester Branding

- Review of Attributes and Obstacles as reported in Day 1 lead to a group discussion
- The environment is critical. Comparative information on cotton vs. other fibers needed especially polyester and recycled polyester.
- What do retailers ask:
 - o There are cultural differences
 - o Retailers will choose fibers they can sell
 - o Need to speak to consumers more than the retailers (pull strategy)
- Price:
 - o Do not sell cotton based solely on price.
 - o Promote cotton as premium with the caution that along with a premium position one can expect lower volume.
 - o 1 in 5 bales in the US goes into denim
 - o Support niche market positions for special, higher value cottons (ELS)¹ such as Supima, Egyptian and Turkish.
- Retailer perception of cotton has been described as “Death cloth”², an environmentally uninformed bias in the denim area.
- Consumers have been influenced by competitive marketing and believe that cotton is bad to wear for extreme outdoor sports and for socks. Overcoming such perceptions call for sustained marketing communications programs targeted to consumers and the clothing supply chain.
- Consumer attitudes in other countries:

- o Greece: cotton friendly country.
- o Egypt: Cotton is the best fiber. Interest in cotton with new features such as anti-microbial treatment. Also interested in cotton blends with synthetics for greater strength.
- o Australia: 10 years ago there was much criticism of cotton and its water usage. Today, although cotton's profile is much better, there remains criticism of cotton's water usage during droughts.
- o UK: The proactive case is NOT being made for cotton. Cotton has a defensive reputation. Need stronger, positive marketing strategy and campaign.
- o Germany: most critical country to cotton. Driven by the media who blame cotton as the source of the Rana Plaza disaster³. Pesticides are believed to be the source of skin irritation from cotton fabrics when it is more likely due to the chemicals used in dyeing and finishing.
- o Brazil & Argentina: “IKEA” store is marketing polyester as a cotton-like fiber. Both countries are pro-cotton. 75% of fiber used is cotton.
- o Everyone agreed that it is best to steer clear of marketing cotton as GMO even though it is a more sustainable practice, due to perceived negativity of the technology⁴. Roughly 2/3 of global crop is GMO.
- ICAC⁵: Cotton share is stable in developing countries and declining in share in developed countries. That said, there are regional and country differences.

Strategy Discussion Notes: Cotton Branding vs Polyester Branding

- Review of the Attributes and Obstacles from Day 1.
- Most important attribute of cotton related to is its household name.
- India: Suggested promoting the benefits of cotton to the Indian market. Cotton

1) Edit for clarification of information from J. Silberman

2) Information provided by J. Silberman based on student investigator response

3) Silberman clarification: media is trained to bring every criticism of the textile industry to the cotton fiber level, as the NGO's have educated them in unfair fiber criticism. The participants were encouraged to clarify this when interviewed.

4) Clarification by J. Silberman

5) Not attributed

agriculture supports 5 million farms. This type of message could be easily customized for different countries to use in their marketing communications.

- UK: Underscored the previous comment that a positive case for cotton is not being made and is needed.
- Generally: There was agreement that the industry does not have a global marketing organization ⁶.
- Uganda: suggested that cotton needs to be promoted as more than fiber – also the seed and oil.
- Australia question: How much work are we doing to work with other synthetics to expand cotton's use. Cotton's partnership with spandex has led to more cotton use, partnering with Tencel would lead to less. Womens wear is a market in which there are opportunities for cotton to work with other fibers as blends.
- Discussions about market share vs. volume. That in a growing market share can be lost while volume gained depending on the market dynamics ⁷.
- Are there elements of a world cotton brand strategy where IFCP can help?

Technical Discussion Notes: Cotton Branding vs Polyester Branding

- There was no time left for discussion on this point. Participants were asked to make notes on the blank forms passed out at the beginning of the session. Here are the notes have been collected.
- Need to make people feel good about buying cotton, that it helps people, environment, social, etc. Think of the success of Fair Trade.
- Simple messages comparing the cotton used in shirts / jeans to everyday consumables, for example coffee, leather handbag, pair of shoes, glass of wine, iPhone, etc. We need the right data to make a claim such as, "it take 0.5 kw energy to make a cotton shirt and 500 kw to make an iPhone. Or, it takes 1 ltr of water to make a pair of jeans and 5 ltrs. To make a cappuccino. This consumer campaign should be targeted toward younger generation. They are the future ⁸.
- Exploit the allergy free and chemical free aspects of the end product.
- Be innovative & informative but possibly need to change marketing strategy, even being more critical of chemical fibers ⁹.
- Develop a compelling communications plan / strategy to provide awareness on the other uses of cotton especially the

by-products of seed and other products from the lint like cotton wool.

- Careful interaction with other fibers on new products where it can enhance cotton use.
- Utilize promotion that reinforces cotton's "naturalness".
- How can we target the brand of cotton to be specific for different countries.

Conclusions:

- The cotton industry is concerned about market share loss to chemical fibers, and seeks to help in improving cotton's market share regain.
- The "World Café" was very successful, with participants engaging passionately.
- Results from the World Café discussion can be used as a directory to rebuild the IFCP website (cottonpromotion.org).
- Generic cotton promotion appears to be accepted by the global cotton community due to the erosion of market share.
- Demand enhancement is viewed as a necessary tool to comply with retailers, consumers, in order to compete with chemical fibers. Strategy needs to be honed.
- The work of the IFCP is significant and important, and should continue.

6) Reference was to the demise of the IIC

7) Reference to comments made that growing population results in more cotton consumption, but does not address market share concerns.

8) Reference is to compare resource utilization to other consumables, not just other fibers.

9) J. Silberman edit for clarification