



62nd Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

MINUTES

SECOND MEETING OF THE STEERING COMMITTEE

9:00 AM, Wednesday September 10, 2003
Mr. Ajai Malhotra in the Chair

The CHAIR reminded delegates that the Private Sector Advisory Panel (PSAP) had been formed in 1999 after three years of discussion within the ICAC. He said that the PSAP is representatives of the three major segments of the cotton industry—producers, merchants and spinners—and of both developed and developing countries. Panel members serve at their own expense and among the members of the panel are some of the most respected people in the private sectors of the cotton industries of member countries.

The CHAIR introduced Mr. Andrew Macdonald, Director, Santista Têxtil S.A., Brazil, as Chairman of the PSAP, and asked him to present the report of the PSAP to the Steering Committee.

Mr. Macdonald delivered the report, which is also a statement of the meeting. The following recommendations of the PSAP were posed as questions to the Steering Committee who were urged to give them serious consideration:

- Could the technical seminar be eliminated from the plenary and instead be incorporated into a new, independent, technical seminar held annually or biannually? Or, perhaps the technical seminar could be held in a series of breakout sessions and some breakout sessions — which have proved to be popular to a wider audience — could take their place in the plenary sessions.
- Could there be a clearer distinction between presentations on special topics that affect only some countries that might be ideal for breakout sessions, and separate these from presentations that have a governmental influence element, which should be held in the plenary sessions?
- Could all the country statements be delivered in only written form so as to save time? 42 countries with a five a minute allocation each represents three and a half-hours of valuable time.
- Could it be agreed that one country, representing all delegations, thank the host country on behalf of all those present, once at the opening and once at the closing sessions? This would save significant time.
- Could the meeting be shortened to four days? This would allow all delegates to depart earlier and save expenses for the ICAC, delegates and their respective governments or organizations.

Mr. Macdonald reported that the PSAP met in Washington in May of 2003 and discussed ICAC publications. It was agreed that the ICAC publications were well presented and accurate. Suggestions were made to streamline the number of publications produced. The Secretariat calculated a savings of one month of one person's time could be achieved if the suggestions were implemented and the Panel made a number of recommendations as what to do with the savings in time and money:

- Update the "look" of the publications
- Work closely with the cotton promotion consultant
- Update the ICAC web site

- Contact grower and textile associations, to raise the awareness of the ICAC outside of the current contact database
- Market publication packages
- Distribute plenary documents on CD to reduce costs in printing and transportation

In promoting ICAC publications, the Panel recommend against using paid advertisements as it was thought that the ICAC, using government funds, should not be seen to be competing with private sector publications. It was felt that the role of the ICAC publications should be to concentrate on data which influences the ICAC model for price prediction.

The panel acknowledged and congratulated the ICAC for appointing a consultant to coordinate cotton promotion efforts. The PSAP believes that a stronger emphasis on cotton promotion within the ICAC will be extremely beneficial to the cotton economy worldwide. The International Forum for Cotton Promotion (IFCP) has a formidable task, and the panel requested that delegates urge their governments to support this work and to join the Forum

The panel urged delegates to encourage their governments to support the use of genetically engineered cotton, within the confines of Best Management Practices, to ensure environmental stewardship.

The PSAP recommended that the Expert Panel on Biotechnology on Cotton, which convened four years ago, be reinstated to prepare an up-to-date evaluation of the situation.

The panel urged governments to ensure that valid arbitral awards are enforceable in their countries under the New York Convention. This, the panel thought, was an essential requirement for the cotton industry to maintain and increase market share in the textile world.

The panel also urged that government's implement the classing of cotton based on Universal Standards, together with the worldwide introduction of instrument testing. New measurements of stickiness, neps and short fiber, values that are important to spinners, should also be standardized.

Governments were urged to introduce legislation to ensure good hygiene practices in cotton, particularly as regards contamination of cotton with foreign matter.

The panel called upon governments to be supportive of infrastructure such as research, communications and water for the local cotton industry. The wide disparity of cotton yields was a particular concern to the panel, who recommend that delegates instruct the Secretariat to undertake a study of yields world wide to gain a better understand of the basic difference between countries and the reasons for the disparity.

Finally the panel called upon delegates to support the successful outcome of the WTO talks to reduce distortions caused by government measures in cotton.

There were no comments or questions from the floor.

The CHAIR thanked Mr. Macdonald and the PSAP for their work. The CHAIR noted that the Standing Committee had been presented with the report in May and had already implemented a number of the suggestions made by the PSAP.

The CHAIR opened the floor to delegates for comments and questions. The delegate of AUSTRALIA thanked the PSAP for their work and offered support for the recommendations.

Seeing no further questions, the CHAIR moved on to other business.

The CHAIR invited the Secretary General to read Working Paper I, "Election of Standing Committee Officers." The Secretary General reported that the Standing Committee had nominated Ms. Chigozie Obi-Nnadozie of Nigeria for the post of Chair of the Standing Committee, Mr. Luc Devolder of Belgium for the post

of Second Vice Chair and Mr. Bakhtiyar Ibragimov of Uzbekistan for the post of Second Vice Chair.

The CHAIR observed that there was a consensus to accept the recommendations in Working Paper I, and he extended his congratulations to the new officers.

The CHAIR asked the Secretary General to present Working Paper II, Proposed Change in the Rules and Regulations. The Secretary General explained that the issue of arrears was of serious concern, and the Subcommittee on Budget had met twice in 2003 to consider suggestions on how best to encourage countries to remain current in the payment of assessments to the Committee. He said that the Standing Committee had considered the suggestions of the Subcommittee on Budget during two meetings and had agreed to several proposals that did not require changes in the Rules and Regulations of the Committee. In addition, the Standing Committee agreed to forward to the Advisory Committee a proposal that would require approval of a change in the Rules and Regulations. The suggestion was that the period of arrears before publications and other services are discontinued should be reduced from 18 months to 12 months. The Secretary General noted that Working Paper II contained specific wording for a change in the Rules and Regulations. He asked that the recommendation of the Standing Committee be approved.

The delegate of GREECE explained that some countries are not able to make payments in a timely manner because of bureaucratic difficulties, not because of a lack of will or reduced support for the Committee. He said that reducing the period before services are discontinued would not be constructive. He noted that one of the recommendations from the Subcommittee on Budget that had not been forwarded by the Standing Committee would have created an Observer category of membership for countries more than 2 years in arrears. He said that he felt this suggestion deserves support.

The delegate of BELGIUM said that reducing services might not be an effective incentive to encourage countries to pay assessments, especially since many publications are available on the Internet and elsewhere anyway.

The delegate of PARAGUAY said the subject was sensitive. He agreed with the delegate of Greece that bureaucratic delay and tight budgets often cause countries to be late in the payment of assessments. He said that the recommendation under consideration would not be helpful.

The delegate of TURKEY asked that the Secretary General respond to the suggestion from the delegate of Greece.

The Secretary General responded that the suggestion from the Subcommittee on Budget to create a new category of membership for countries more than two years in arrears had been discussed at length in the Standing Committee. He explained that there was a concern that some countries might find the new Observer category to be convenient, resulting in even more countries falling into arrears. Therefore the suggestion was not supported.

The delegate of SOUTH AFRICA said that while there was a need to be sensitive to the concerns of countries in arrears, there was also a need to require discipline in support of the Secretariat. He felt the proposal represented an appropriate balance of concerns.

The CHAIR said that in his view the creation of an intermediate form of membership would not be constructive and that the proposal from the Standing Committee represented only a slight form of tightening of budget discipline. He said it was obvious that the Standing Committee wishes every member to remain in the Committee and there is no attempt to push members out.

The delegate of GREECE described his experience in having to fight bureaucratic obstacles to secure payment of assessments to the ICAC and that his Minister had ordered immediate payment in recent days.

The delegate of BRAZIL agreed with the delegate of Belgium that discontinuation of publications would not be a substantial incentive to remain current with payments. He urged that another way of encouraging countries to remain current be found. He suggested that pressure from other governments could be effective.

The CHAIR observed that there did not seem to be a consensus on the proposal contained in Working Paper I

and suggested that the matter should be referred back to the Standing Committee for more consideration.

The delegation of INDIA said that the purpose of the proposal was not to suspend membership but to encourage increased discipline in the payment of assessments. He agreed that one year is a sufficient length of time in which to make payments to the Committee. He suggested that delegates of countries in arrears not be eligible to serve as officers of the Standing Committee.

The delegate of TOGO said that the current period of 18 months before the suspension of services to countries in arrears should be maintained.

The CHAIR said that it is not necessary to come to a final conclusion on the issue at this time. He said that there was not a consensus to adopt Working Paper II, and he referred the matter back to the Standing Committee for further consideration.

The CHAIR called the attention of delegates to Working Paper IV, Uncollected Assessments of Member Governments of the ICAC. He said that the Working Paper was self-explanatory and no action by the Advisory Committee was needed. He urged all countries to remain current in the payment of assessments to the Committee.

The CHAIR asked the Secretary General to present Working Paper V, Invitations from India and the United Kingdom. The Secretary General reported that the Secretariat has received official invitations from the governments of India and the United Kingdom to host the 63rd and 64th Plenary Meetings of the Committee, respectively. He said the Government of India proposes to host the 63rd Plenary Meeting in Mumbai at a date to be decided after consideration of alternatives that will enable the participation of all delegates. He said that the Government of the UK proposes to host the 64th Plenary Meeting in Liverpool in September 2005. He noted that both venues were excellent and would maintain a rotation among producing and consuming countries and across continents. He asked the Advisory Committee to accept the invitations.

The CHAIR observed that another country had previously been scheduled to host the 63rd Plenary Meeting in 2004 but had been forced to postpone their invitation. In response to a request for invitations from the executive director that had been sent to all member countries, India had agreed on short notice to serve as host of the meeting in 2004.

The delegate of EGYPT urged that the meeting in 2004 be held either during the last week of November or before the second week of October.

The CHAIR observed that India would choose a date that would be convenient to all participants.

The delegate of INDIA said that it would be a privilege to host the 63rd Plenary Meeting and that dates for the meeting would be chosen to avoid conflicts with religious observances. He added that it would be highly appropriate to hold the meeting just one month in advance of January 2005 when all quotas on textiles and apparel under the Multi Fiber Arrangement would be ended.

The delegate of BRAZIL thanked India and the UK for their invitations and urged that the invitations be accepted with much pleasure.

The delegate of SUDAN thanked the delegates of India and the UK for their hospitality and said he appreciated their willingness to avoid dates that would conflict with religious observances.

The CHAIR observed that there was a consensus to accept the invitations from India and the UK to host the 63rd and 64th plenary meetings. He confirmed that the 63rd Plenary Meeting would be held at a time that will not conflict with major religious observances.

The delegate of INDIA thanked the Advisory Committee for accepting the invitation to host the 63rd meeting. He pledged that the meeting in 2004 would be a grand success.

The CHAIR observed that there was no further business. The meeting was adjourned at 10:15 AM.