



62nd Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

MINUTES INAUGURATION

9:30 AM, Monday September 8, 2003
Mr. Andrzej Szejna in the Chair

The SECRETARY GENERAL introduced Mr. Andrzej Szejna, Undersecretary of State, Ministry of Economy, Labour & Social Policy, Government of Poland as Chair of the Inaugural Session.

The CHAIR welcomed delegates to the Plenary Meeting. He introduced Ms. Jolanta Szymanek-Deresz, Chief of the President's Chancellery to read a statement from President Aleksander Kwansniewski.

Reading from President Kwansniewski's letter, Ms. Szymanek-Deresz welcomed all participants and said it was a great honor for Poland to serve as host of the 62nd Plenary Meeting. He noted that Poland's tradition as a center of textile production and cotton trade originated over 200 years ago. He recognized that the ICAC is well organized, technologically progressive, quality oriented and prepared to meet the challenges of a progressive world economy and welcomed visitors to become acquainted with Poland which will become a member of the European Union in a few months. President Kwansniewski's remarks are a statement of the meeting.

The CHAIR then offered his own Inaugural Remarks. He thanked the ICAC for holding its 62nd Plenary Meeting in Poland. He noted that in the long history of Poland the country had been subject to adverse conditions at times, but that Poland's central location in Europe had always been advantageous for the development of trade. Despite some tragic events in Polish history, the people managed to retain their identity and industrial traditions. The democratic transformations of the 1980s and 1990s led to peaceful solutions, and now Poland is a member of major international organizations and will become a member of the European Union next year.

Mr. Szejna reported that light industry, including the textile sector, required special attention from the government. The cotton industry in Poland developed 200 years ago and its most intensive growth occurred at the turn of the 19th and 20th centuries. The textile industry was based mainly on private capital until World War II, but then it was nationalized. However, the textile industry has been subject to re-privatization since 1989. Consequently, new owners are faced with the challenges of remaining competitive in the production and marketing of textile products and also developing new sources of supply of raw materials. Since 1999, Poland has enjoyed duty-free access to markets in the EU.

Mr. Szejna said that the textile industry is a vital source of national income and plays an important role in the national economy, providing employment to tens of thousands of people. The process of restructuring the textile industry to meet competitive conditions is continuing, and the government is implementing a restructuring plan. He noted that the Polish textile and apparel industry is supported by 7 scientific institutes involved in research in fields ranging from raw material to textile production. He closed by noting that clear, free market rules and honest competition in all economic fields were important components of an open global market. He called on countries to unite in finding solutions to common problems to develop a balanced and competitive cotton economy. Mr. Szejna's remarks are a statement of the meeting.

The CHAIR introduced Mr. Artur Gacek, Vice President, Gdynia Cotton Association, to provide the keynote address. Mr. Gacek noted that the most important factors for consuming countries are quality and price of cotton. Importers need cheap and good raw material to manufacture products demanded by customers, the materials must be high quality, and able to compete on world markets. He said that all segments of the industry must observe sane and honest rules of the free market, and that demand should dictate supply. He

said that government measures, including subsidies, quotas, and barriers are not remedies and that any kind of donation disturbs the natural progress of the market and helps only a narrow part of the whole sector.

Mr. Gacek asked how could the cotton industry best meet the challenges of competition with chemical fibers and promote increased cotton consumption. He reported that the Gdynia Cotton Association has patented a pure cotton emblem to be applied to Polish cotton products. However, he added that what cotton really needs is good co-ordination of national cotton promotion programs and worldwide promotion.

Regarding the role of merchants in the cotton sector, Mr. Gacek said that all participants in the cotton sector would like to avoid disputes and to settle problems amicably. However, it is not always possible to avoid disputes, and so arbitral bodies are necessary. He said that there is a trial in Europe of a procedure to unify trading rules. He added that the cotton associations could do more to educate about how to reach compromises and to avoid contract disputes. This is why the Gdynia Cotton Association puts so much emphasis on cotton classification and standardization of classification systems. The GCA puts great emphasis on the sanctity of contracts, and the GCA encourages the standardization of cotton classification systems.

Mr. Gacek thanked all the people, institutions and companies involved in the organization of the Plenary Meeting, and he expressed appreciation for the support of sponsors, and he welcomed participants to Poland. Mr. Gacek's statement is a statement of the meeting.

The CHAIR introduced the Chair of the Standing Committee, Ambassador Ajai Malhotra, to give his report. Mr. Malhotra expressed the appreciation of the ICAC to the Government of Poland for hosting the 62nd Plenary Meeting. He said the arrangements are excellent and that all have been touched by the warm welcome extended to all participants. He noted that Poland had joined the ICAC in 1991, and that the Gdynia Cotton Association is an important member of the Committee for International Co-operation between Cotton Associations (CICCA) and serves as the primary cotton association for trade within Central Europe. The textile industry of Poland accounts for approximately 60,000 tons of cotton use per year, the most in Central Europe. He said that participants in the meeting cherish Poland's active involvement in the work of the ICAC.

Mr. Malhotra expressed appreciation for the support he had received from other Standing Committee officers during the past year. He endorsed the nominations of Mrs. Obi-Nnadozie of Nigeria to serve as Chair in the coming year, Mr. Luc Devolder of Belgium to serve as First Vice Chair and Mr. Bakhtiyar Ibragimov of Uzbekistan to serve as Second Vice Chair.

He reported on the work of the Standing Committee during the past year. In the area of cotton promotion, he noted that the Standing Committee had decided to support the work of the International Forum for Cotton Promotion by using funds from the business plan to hire a well-qualified consultant to serve as secretariat to the IFCP.

Mr. Malhotra noted that the Standing Committee had received reports on instrument based quality evaluation systems, genetically engineered cotton, government measures affecting cotton, sustainable development and competition with chemical fibers. He thanked the Secretariat for their work. He also reported on a meeting with members of the Private Sector Advisory Panel, and he thanked the PSAP for their service. He also noted that the Standing Committee oversees the budget of the Secretariat, and he thanked Mr. James Johnson of the USA who served as Chair of the Subcommittee on Budget. He endorsed a recommendation from the Standing Committee to shorten the time period before publications and other services are discontinued when member countries are in arrears in their payment of assessments to the Secretariat. Mr. Malhotra's report is a statement of the meeting.

The CHAIR introduced the Secretary General to give the Report of the Executive Director. The Secretary General enumerated some of the challenges facing the cotton industry and noted that perhaps the most timely was the need to respond constructively to the problem of government measures that distort production and trade. He said that the mission of the ICAC is to assist governments in fostering a profitable and healthy world cotton economy. The ICAC achieves this mission by raising awareness of critical issues, by providing statistical and scientific information and by facilitating cooperation in solving common problems. He said the ICAC was formed in 1939 at an international cotton meeting, and for more than 60 years, the Committee has served governments and the world cotton industry as a source of timely, market-relevant statistics and scientific

information and as a catalyst for international cooperation.

The Secretary General described the agenda of the plenary meeting, including discussions on government measures, demand enhancement, good trading practices, and a technical seminar. He reported on the work of the Secretariat during the past year and described increased efforts to organize workshops and seminars on various topics as part of an overall effort to expand educational services to the industry. He thanked the Gdynia Cotton Association and the Government of Poland for their hospitality. He also thanked members of the PSAP for their service, and he noted that the Standing Committee had been productive in its work during the past year. The Report of the Executive Director is a statement of the meeting.

The CHAIR recognized the delegate of Brazil who gave a response on behalf of all delegations to the welcoming comments from Poland. The delegate noted that all arrangements for the meeting were excellent and the hospitality of Poland was exceptional. He said that the City of Gdansk is beautiful and that the hospitality of Poland is much appreciated.

The CHAIR thanked delegates for attending the meeting in Poland.

The CHAIR adjourned the Inaugural Session at 10:30 AM.