



# 62nd Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

## MINUTES

### SECOND PLENARY SESSION (A)

4:00 PM, Monday September 8, 2003  
Mr. Miroslaw Lewinski in the Chair

The CHAIR called the meeting to order and requested delegates to summarize their country statements.

The CHAIR recognized the delegate of the UNITED KINGDOM. The delegate emphasized that the most important involvement of the UK is the provision of trading rules and arbitration services through the Liverpool Cotton Association. He drew the attention of delegates to working paper V and hoped that the invitation of the Government of the UK to host the 2005 Plenary Meeting will be accepted by the Steering Committee.

The CHAIR recognized the delegate of INDIA who stressed the importance of cotton to the Indian economy. The delegate reported that yield, production and consumption are likely to increase in 2003/04, after declining in 2002/03. He indicated that exports and imports of cotton are totally free. He described the initiatives taken by the Government of India for improving quality, productivity and production of cotton keeping in view the interests of the growers as well as the industry. He conveyed the invitation of the Government of India to host the 63<sup>rd</sup> Plenary Meeting of the ICAC in Mumbai in 2004.

The CHAIR introduced the delegate of the EUROPEAN UNION (EU) who welcomed the opportunity to clarify its position within the ICAC with regard to subsidies in the cotton sector. The delegate declared that the EU is committed to submitting proposals for the reform of its cotton sector as part of the general reform of the Common Agricultural Policy. The EU acknowledges cotton as a strategic product for development and poverty reduction efforts in less developed countries. The EU will propose to reduce trade distorting subsidies in the cotton sector and has called upon other cotton producing countries to take similar action. The EU is ready to consider the possibility of taking measures to address the current difficulties. The delegate explained that four other factors also need to be addressed to ensure the profitability and the sustainability of the cotton sector in developing countries.

The CHAIR recognized the delegate of UZBEKISTAN who explained the structural changes underway in the cotton sector. The marketing system is being liberalized and modern classification standards have been adopted. Uzbekistan has a strategy to develop the local processing of cotton and the exports of value-added products. In gins, new technology is being introduced and management is being improved. The delegate said that Uzbekistan is facing competition from synthetic fibers and appreciates the efforts of the Plenary to address the issue. He acknowledged that development of Bt cotton is the next step in the progress of the cotton sector but stressed the importance of having a common regulatory framework. The delegate concluded by expressing his trust in the successful outcome of the Plenary Meeting for the future of the cotton industry.

The CHAIR gave the floor to the delegate of TURKEY. The delegate made a visual presentation giving the highlights of the country report. He said that production is forecast to reach 925,000 tons in 2003/04 thanks to the increase in the GAP region, while consumption is expected to increase slightly to 1,270,000 tons. The delegate reported that Turkey remains one of the largest importers in the world and described the impact of the appreciation of the Turkish lira. He informed delegates about the regulation to be introduced to combat contamination and about the project to reform cooperatives in order to make them independent from the government, better managed, more efficient and profitable.

The CHAIR recognized the delegate of SOUTH AFRICA who congratulated the government of Poland on the success of its political and economic transition. He thanked the Organizing Committee and the Standing Committee for their work. The delegate said that the two of the most important objectives of the Plenary Meeting are to establish a true, genuine free market environment for the production and marketing of cotton and to satisfy

the needs of the consumer. He reported the development of a national strategy for the South African cotton industry and stressed that its success depends on cotton prices undistorted by subsidies paid to farmers in other countries. The delegate hoped that Cancun would start a rapid removal of all market distorting measures.

The CHAIR introduced the delegate of PARAGUAY. The delegate said that the cotton sector has a tremendous economic and social impact in his country, since approximately 25% of the population benefits directly or indirectly from production. He gave the highlights of the characteristics of the crop and the structure of the industry. He reported that production is expected to increase to 72,000 tons in 2003/04. The delegate declared that Paraguay is in favor of free trade and against any kind of direct or indirect government measure or practice that distorts cotton markets, trade and production.

The CHAIR gave the floor to delegate of the RUSSIAN FEDERATION. The delegate said that Russia consumed 320,000 tons, imported from Central Asia. The potential of the textile sector offers attractive investment opportunities. He informed delegates about the project to revive cotton production in the South of the Federation, with the objective to produce 350,000 tons, after further research. The delegate explained the current transition from the Russian traditional cotton classification method to worldwide-accepted modern quality measurement system. He concluded by thanking the government of Poland for their hospitality and the Organizing Committee for their efforts.

The CHAIR recognized the delegate of GERMANY. The delegate associated himself with the EU declaration. He reported that imports of cotton were stable in 2002, a difficult year for the German textile industry. Output of yarn, fabric and apparel declined and the situation is not expected to improve in 2003. The delegate concluded by saying that Germany is an advocate of open markets and trade liberalization. Germany supports the aim to create a level playing field for textiles with the objective of a general reduction in subsidies worldwide rather than sector-specific rules.

The CHAIR gave the floor to the delegate of SUDAN. The delegate expressed his thanks to the government of Poland for its hospitality and generosity. He reported that modernization of the cotton sector is underway, supported by rehabilitation of irrigation infrastructure, improvement of input supply, privatization of some functions and reduction of tariffs and taxes. As a result, production increased in 2002/03 and is expected to rise sharply in 2003/04. The delegate mentioned efforts to improve quality and reduce the cost of production. He concluded by wishing all success to the plenary meeting.

The CHAIR recognized the representative of the COMMON FUND FOR COMMODITIES (CFC) who stressed the close partnership between its organization and the ICAC in supporting the case for cotton. The Fund gives priority to projects supporting smaller cotton producers to assist them in securing a reasonable income from their cotton production. The delegate insisted on the importance of cotton for the developing countries and gave two examples of ongoing projects.

The CHAIR gave the floor to the delegate of PAKISTAN. The delegate reported that 1.8 million tons were produced and consumption reached 2 million tons in 2002/03. Production is expected to climb to 1.9 million tons this season and to 2.5 million tons by 2010, as efforts are underway to increase productivity and to improve quality. He stated that Pakistan supports free trade and hopes that WTO negotiations in Cancun will lead to the elimination of subsidies. He requested that the next Plenary Meeting at a date not interfering with the Muslim Ramadan.

The CHAIR thanked the delegates for having respected the 5-minute time limit and indicated that the six delegates who had requested the floor would be given priority during the next session.

The CHAIR adjourned the session at 5pm.