

Good afternoon Ladies, Gentlemen and distinguished guests. After such a nice introduction by Mr. Gillen, it is very difficult to follow him as the next speaker. Therefore I will tell more about the advantages of Internationally Standardized Trade Rules and open up some of the subjects with personal and interesting examples.

Today, even unintentionally everybody in cotton business is part of an international chain of exchange. It is no surprise that cotton business (and textile business in general) is one, if not the first, is the most rapidly globalised business among all. Because of this rapid evolution, we all had to and still have to know the national and international cotton trading rules.

In the old fine days, countries like Turkey, China, Pakistan, India and many more were only involved in cotton exporting. As time past and technology and knowledge got acquired by East, the cotton grown within these countries got short. However, restrictions (applied by governments to protect the local farmers) on cotton import, limited the growth of industry.

In today's economical conditions and capitalized markets we all are free to utilize any cotton we wish, not limited by any governmental obligations. And this freedom brings variety and options to the markets. It also increases competitiveness into harder levels. For example, cotton growers around the World have trouble due to various quality and price options from other countries and can not overcome due to climate conditions. Hence, anybody from any country in the world involved in cotton business or textiles is able to purchase, sell or do the forwarding cotton internationally. This means that when we are doing such a business we also need common trade rules to protect all parties involved.

At this point, in order to prove the necessity of a common set of rules, I would like to ask a question. In an international community such as this very crowd, do we all know the trade laws in each other's country word by word to defend our rights? The most knowledgeable among us would know a few but of course, impossibly, not all.

A fun example to this point would be about football. We all know that any team who wants to play football have to know the rules of football. This set of rules does not differentiate weather the game is played in China, Greece, UK, Turkey, Brazil or USA. In this game, not only the players and the refries, but also the coaches, fans, hooligans, and even the first aid people have to know the rules in order to follow the game. Can you imagine that the world cup finals are played in India, with croquette or badminton rules? A complete disaster! It is no different for a spinner like me or anybody involved in International cotton business, if the other party insists to make the trade with local trading rules. It is

impossible for a foreigner to learn every little detail of the local trade laws to protect his rights in case of a dispute. At such a dispute you have to find at least a very good lawyer or a group of lawyers to follow the case.

It is a known fact that penalties are different for trade conflicts. These penalties not only differentiate from country to country due to the regime such as in Saudi Arabia and Britain but also different in fines paid and duration such as in Europe and Asia. These rules are therefore necessary in setting common penalties both in the seller's as well as for the buyer's side.

Today, in the free global markets there are only three important criteria for trade. Quality of product, quality of service, and price. No buyer would like to receive a different product than the sample he or she saw. And no seller would like to be paid in a different way than the negotiated way at a further time. As we all do, bank credits and Letter of Credits are used very frequently in today's trade agreements. Lack of common rules that satisfy all parties' interests including banks and credit providers also mean lack of trust in that business. At that point that trade would most probably and logically be cancelled.

Another crucial problem is about time. Do you know that the train gauges vary from country to country? As you may know train rail distances were arranged according to the most commonly used chariot's wheel distance. This horizontal distance varied from place to place but after many years a common configuration was established. Only Russian Federation opposed to this regulation in Europe and used wider train rails. As a result, transportation of goods from a train to another had to be done at the borders for many years. This brought a very large cost of time into calculations for trades from and to Russia.

I expect all of us to believe that justice is not justice if it is delayed. In today's business environment time is the most expensive of all. Can you imagine that for some reason you are obliged to accept trading with local trade rules and as a dispute occurs you learn that the court gives a date for six months later? And trials continue like that for years until you finally prove your rightness. Does it matter, whether you are right or wrong anymore?

Internationally acceptance of the verdict is another issue. Of course everyone would like to trade according to his or her own trade laws, as it is more profitable. Another advantage is to know the tricks of own national trade laws. For example, in Turkey there are deadlines to apply to the court for disputes. If the righteous party passes the application deadline the court has no liability and responsibility after some many days. Of course there are similar deadlines in

ICA Rules as well. But if the contract has a clause that repeats ' The contract is made according to ICA Rules', it is accepted that both parties know the ICA Rules.

It is also understandable for these rules to be set by ICA. ICA represents every trader, producer, controller and forwarder even growers in the world and most importantly consists of members from all over the world. It is also clear that the members and leaders of ICA are unbiased at setting these common rules as there is no cotton textile industry is left in Britain, except a few traders.

For all these previous reasons we have to use ICA RULES. We can also freely access the ICA rules even on Internet. Any member of ICA can ask for arbitration in the case of a dispute.

To be honest, I had hard time trying to put all these previous thoughts in this speech as they were all very clear to all of us. The difficulty was due to complete agreement of anybody who would hear about this subject. However, the actual hard part is not talking about them in here but making people talk about it in your own country among other people.

My personal experience in this subject was not a positive one. İzmir Cotton Exchange came up with an idea to make contracts with their rules for our International contracts. Of course that would be good idea for the Turkish party of contracts. Although I tried to use this guide in every contract since than, I was never successful to do so. The reason is very simple. These set of rules were only introduced to local cotton trading. No other parties in international cotton trade were informed about these rules. For these reasons, these rules were never used and no one tries to pursue anybody to make international contracts with İzmir Cotton Exchange Rules.

The solution to this problem must be discussed for not to repeating similar mistakes. Advertising and talking about the subject at meetings are very important to improve the use of these common rules for all parties benefits. In Turkey we have prepared and held 3 conferences to introduce ICA rules to all cotton industry together with ICA President Mr. Fritz Grobien, Vice President Mr. Peter Wakefield and Mr. Andrew Mcdonald. I believe it was a big success for every body involved, spinners they understood more about ICA rules, how to make a more precise contracts. They are now more acknowledged about duties and obligations of parties. I strongly believe that we all have to spend more affords to explain to our colleagues, even our competitors to use ICA RULES for their future contracts. This will make us more equal and more competitive.

Thank you