

# INTERNATIONAL COTTON ADVISORY COMMITTEE

Standing Committee  
Washington, DC

SC-M-393 Final  
February 1, 1993

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## MINUTES

393rd Meeting of the Standing Committee  
Thursday, January 14, 1993  
Room H-1200, World Bank, 600 19th Street NW  
Washington, DC

PRESENT:

- Mr. Guillermo Ramos (in the Chair)
- Mr. Jose Molina, Argentina
- Ms. Helen Freeman, Australia
- Mr. Calvin Chang, China (Taiwan)
- Ms. Nora Olave-Shibusawa, Colombia
- Mr. Anil K. Sharma, India
- Mr. Jonathan Weiss, Israel
- Mr. Fumio Yawata, Japan
- Mr. Manuel Caceres, Paraguay
- Ms. Cristina Martinez, Paraguay
- Mr. Alfredo Valencia, Peru
- Mr. Victor Leviste, Philippines
- Mr. Eddie J. Nyenhuis, South Africa
- Mr. J. L. Miranda, Spain
- Mr. Ali A. Karume, Tanzania
- Mr. Cengiz Berksoy, Turkey
- Mr. Philip Odida, Uganda
- Mr. Kenneth Howland, USA
- Ms. Lana Bennett, USA
- Dr. Lawrence H. Shaw, Executive Director
- Mr. Federico Arriola, Administrative Officer
- Dr. Rafiq Chaudhry, TIS
- Ms. Lisa Piatkowski, Editorial Assistant

Before beginning the Meeting, the CHAIRMAN wished all delegates a happy and prosperous new year, with a special wish for improved conditions in the cotton market for all participants. He also extended a welcome to Mr. Jonathan Weiss of the Embassy of Israel, who was attending a meeting of the Standing Committee for the first time.

### 1. Adoption of the Agenda

The Agenda was adopted as presented.

### 2. Presentation of Priority Areas of Study or Activity by Member Governments, According to Revised

## **Procedures and Criteria for Appraisal of Projects Submitted to the Common Fund for Commodities Adopted at the 392nd Meeting of the Standing Committee**

The CHAIRMAN reviewed the decision of the 392nd Meeting to hold a special meeting of the Standing Committee for the purpose of delegates presenting their priority areas of study or activity for projects which might be financed by the Common Fund for Commodities. He noted that a combined list of these priority areas would be circulated by the Secretariat to all delegates for the purpose of rank-ordering the areas according to each country's interests, a task to be accomplished in 30 days time from the circulation of the list. He further noted that the Secretariat would compile the rankings to determine the three areas of highest priority, would inform the Standing Committee of the result and would actively solicit project proposals in these three areas.

The CHAIRMAN then asked delegates for their priority areas.

The delegate of the USA distributed a statement which noted the following:

"This year's Plenary Meeting once again brought together the authorities on cotton production, trade and utilization from member countries throughout the world. Among producing countries it was clear that the major concern was low world prices for cotton brought about by the imbalance of supplies in relation to demand. Representatives of African producing nations reported that the economic impact for them was of crisis proportions. Importing countries stressed quality concerns, a major one of which is the widespread problem of contamination, including foreign matter and stickiness.

"The report on world textile demand prepared for the Plenary by the Secretariat suggested that cotton's share of the fiber market would not continue to post the substantial gains registered in the 1980s and showed that cotton's share of the world fiber market has been slipping in the last few years. The paper pointed out that the evolution of cotton's market share is attributable to a combination of the three factors of price, quality and diversity of uses.

"The statement of the 51st Plenary Meeting stressed the importance of the expansion of cotton markets through research and promotion, urged countries to cooperate in cotton market development both domestically and internationally and recognized that programs implemented by member countries to enhance cotton utilization and consumption benefit cotton consumption worldwide. Additionally, the Secretariat was requested to investigate and recommend how world consumption could best be expanded.

"During the drafting group meeting for project appraisal held in October 1992, there was discussion about the necessity for the Standing Committee to focus on the most pressing problems of the world cotton industry and the opportunity that the annual selection of priority areas for Common Fund projects provides to address these concerns.

"The well-being of the cotton industry and returns to cotton producers are inextricably tied to the market for fibers worldwide. It benefits cotton producers to be responsive to the continuing and changing demands of their customers, and to take initiatives in the present which can positively affect demand in the future. It is also our view that in the context of international organizations, funding recommendations should, to the maximum extent possible, reflect global interests."

With the above thoughts in mind, the delegate of the USA presented a list of seven priority areas for projects.

The delegate of AUSTRALIA noted the following areas of priority for Australia:

1. Pest management
2. Protection of natural resources
3. Fiber technology
4. Transfer of technology to producers

The delegate of SPAIN indicated that his country's priorities lay in the control of water for irrigation,

specifically in developing ways of growing irrigated cotton with reduced amounts of water.

The delegate of PERU noted that the paper presented by the US delegate had to be studied carefully as it was just presented at this very moment. However, a quick look at it indicated that the paper was aimed at facilitating the consumption of cotton by the consuming industry. He also said that the enhancement of the consumption of cotton was also the responsibility of the cotton consuming industry which has the responsibility of modernizing and/or adapting their textile machinery and manufacturing process into their realities of raw cotton. He added that although cotton producers confront difficult problems they are making every effort to improve the quality of the fiber they produce. He said that the aim of the second account of the Common Fund for Commodities was that of giving priority to the projects originating in the less developed countries. He added his view that areas of production technology should also be priorities.

The delegate of the PHILIPPINES noted the importance of considering the priorities of the Common Fund, as they have been recently modified as reported in Memorandum 512 which was distributed at the Meeting, for increased attention to the needs of small producers-exporters. As for the concerns of the Philippines, he said that there was agreement with views of Australia that pest management was the number one priority. In addition, he said, the Philippines would like to see more stress on areas of production technology.

The delegate of CHINA (TAIWAN) presented a list of four priority areas of concern in his country.

The Executive Director noted that he had received suggested priority areas in writing from France and Sénégal.

The delegate of ARGENTINA presented priority project areas in cotton production economics, breeding and genetics, cultural practices, pest management, control of diseases and weeds, mechanization, post-harvest handling and fiber technology.

The delegate of PERU referred to the work of the Committee on Cotton Production Research at the annual Plenary Meetings of the ICAC. He said the views of this Committee should be considered. The CHAIRMAN said that the concerns of this Committee in 1993, yield constraints of cotton and producing quality cotton under rainfed conditions, could be added to the list of priority areas.

With respect to the paragraph dealing with the well being of the cotton industry and returns to cotton producers, etc., as contained in the paper presented today by the US delegate, Mr. Valencia said that the mandate of the Liverpool Plenary Meeting related to the well being of the world cotton economy is now under consideration of the working group on "Production and Marketing Practices of Member Governments"; however this group has only met once. The report from said working group shall complement our efforts in dealing with the well being of cotton.

There being no further suggestions from delegates, the CHAIRMAN instructed the Secretariat to circulate the combined list of priority areas to the delegates and asked delegates to return their rankings of the areas to the Secretariat in 30 days.

The delegate of the USA asked the Secretariat when the combined list would be circulated. The Executive Director noted his intention to circulate the list by fax on the following day, January 15.

### **3. Consideration of Sponsorship of Project Proposals for Commodity Development Measures to be Financed by the Common Fund for Commodities Already before the Committee**

Before the discussion of proposals, the Executive Director summarized the contents of Memorandum 512, which had been distributed at the Meeting to report recent changes in the priorities of the Common Fund.

#### **a. Project from the Government of Colombia for "Research and Development of Cotton Production in the Tropics."**

The CHAIRMAN asked for the views of delegates regarding sponsorship of the project, noting that it had been discussed many times in the Standing Committee and that the delegate of Colombia had responded to all questions raised. He said it was now time to come to a decision regarding the project.

The delegate of the USA said that his government continued to have concerns about the narrow focus of the proposal and its high cost. He noted that the \$5.5 million requested would represent 10% of the total resources of the Second Account of the Common Fund.

The delegate of the PHILIPPINES said that it was his government's view that the Colombian project met the criteria established. He noted that research and development on cotton production in the tropics would benefit other tropical countries as well, including the Philippines.

The delegate of COLOMBIA drew attention to the fact that the Japanese International Cooperation Agency (JICA) was considering financing half of the amount being requested from the Common Fund.

The delegate of AUSTRALIA said her government saw merit in the project proposal but had reservations regarding the cost and suitability for Common Fund sponsorship. She noted that her government felt that more emphasis should be placed on using existing technology. If JICA funding is a possibility, this could help with the cost concerns.

The CHAIRMAN asked delegates for a decision. In response to a request for more information regarding possible funding by JICA from the delegate of the USA, the delegate of COLOMBIA said she would contact the Instituto Colombiano Agropecuario and inform the Secretariat.

The delegate of the USA said his government would still have reservations about the project even if the Common Fund were only asked for \$2.7 million.

The delegate of PERU said that the record showed that many countries supported the project. With the additional funding from JICA, he said it was easier to approve the project.

The CHAIRMAN concluded that the ICAC agreed to sponsor the project before the Common Fund, with the understanding that additional funding was to be provided by the Japanese International Cooperation Agency.

**b. Project from the Governments of Argentina and Paraguay for a "Binational Paraguayan-Argentine Project for the Prevention and Control of the Cotton Boll Weevil"**

The Executive Director summarized the project description, justification, beneficiaries, cost and financing, on behalf of the Governments of Paraguay and Argentina, who were not able to arrange for a technician from their countries to come to Washington for the meeting.

In response to a request from the CHAIRMAN for comments or questions, the delegate of the USA asked Dr. Chaudhry of the Secretariat if the boll weevil was only a pest of the American continents. Dr. Chaudhry confirmed that the boll weevil was currently found only in North, Central and South America. The delegate of the USA then noted that the project would be very worthwhile in an effort to rid the continent of the pest.

There being no other comments, the CHAIRMAN found a consensus for the approval of sponsorship of the project and instructed the Secretariat to take the necessary steps to forward it to the Common Fund.

**c. Project from the Government of Israel for "Environmentally Safe Integrated Pest Management for High Quality, Non-sticky Cotton"**

The CHAIRMAN recognized the delegate of ISRAEL, who said that he, together with Dr. Chaudhry of the Secretariat, was prepared to answer questions about the project.

The delegate of AUSTRALIA asked for clarification about the technology transfer of the findings of the

project. The delegate of ISRAEL said that the results of the project would be available to all with an interest in them.

Upon a request from the delegate of PERU, the Executive Director reviewed the project description, justification, beneficiaries, cost and financing of the project.

The delegate of PERU inquired if the whitefly affected high quality cotton.

The delegate of the PHILIPPINES inquired about existing technology to solve the problem of cotton stickiness after the fact.

The Executive Director and Dr. Chaudhry noted that the whitefly and associated stickiness were problems of all types and varieties of cotton, with greater incidence in hairy cottons than in non-hairy (smooth leaved) cottons, that textile mills attempted to reduce the impact of the problem through the use of biological agents, mixing with non-sticky cotton, aging and washing. It was noted that most of these methods were only partially satisfactory.

The delegate of the USA remarked that research in the area of cotton stickiness was very important, noting however that the project was also an expensive one. He inquired about the Common Fund's views regarding the sharing of the results of such projects. The Executive Director said that the Common Fund in the past had requested that all project results be fully available to all members of the Common Fund and the associated ICB. He further noted that the management of the Common Fund had an interest in capturing a share of any royalty income which might develop from projects it finances.

There being no further comments or objections to the project, the CHAIRMAN found a consensus for approval of sponsorship of the project.

The delegate of the USA asked the Chairman if virtually any project presented to the ICAC will be passed on to the Common Fund, inquiring also if there was a voting procedure.

The CHAIRMAN noted that a delegate could request a vote.

The business of the meeting concluded, the CHAIRMAN adjourned the Standing Committee at 11:50 am until its next meeting on Thursday, January 21 at 10:00am in Room F1244 of the World Bank.