



INTERNATIONAL COTTON ADVISORY COMMITTEE

1629 K Street NW, Suite 702, Washington, DC 20006 USA
Telephone (202) 463-6660 • Fax (202) 463-6950 • e-mail secretariat@icac.org



Report of the 34th Meeting of the Private Sector Advisory Panel (PSAP) (Rev. 1)

Seven members of the PSAP met in Mumbai, India on December 6, 2015 at the start of the 74th Plenary Meeting of the ICAC. Two former members, one permanent observer, ten observers and the Executive Director joined the PSAP members. In the absence of the Chair, Mr. Jorge Vartparonián, the Vice Chair, Antonios Siarkos, chaired the meeting.

Members present: Shiou-Chung Chen (Tah Tong Textile Company, Taiwan); Fatih Dogan (Mediterranean Textile and Raw Materials Exporters Union, Turkey); Ahmed Elbosaty (Modern Nile Cotton Co., Egypt); Henning Hammer (Otto Stadlander, Germany); Allen Terhaar (Cotton Council International-Cotton USA, USA); João Luiz Pessa, (Abrapa, Brazil); and Antonios Siarkos (Siarkos S.A. Cotton Ginning, Greece). Former members present: Mohammed Afif Dada (Karachi Cotton Association, Pakistan); and Suresh Kotak (Kotak and Co., India).

Permanent observer: Andrew Macdonald (ITMF).

Observers: Chun-Yuan Chen (Tah Yao Textile, Taiwan); Simon Corish (Australia); Sebahattin Gazanfer (Turkey); James Johnson (USDA, USA); Michael Murray (Cotton Australia, Australia); Patrick Packnett (USDA, USA); Terry Townsend (CottonAnalytics, USA); Peter Wakefield (Wakefield Inspection Services); Melissa Wang (Taiwan Textile Federation); and Allan Williams (CRDC, Australia)

Secretariat: José Sette.

Report of the 34th Meeting of the Private Sector Advisory Panel (PSAP)

1. Composition of the PSAP

1. The Executive Director reported that nine nominations to the PSAP for the 2015/16 season had been received and approved by the Standing Committee: Adam Kay (Australia); João Luiz Ribas Pessa (Brazil); Henning Hammer (Germany); Antonios Siarkos (Greece); Masood A. Majeed (Pakistan); Alois Schonberger (Poland); Shiou-Chung Chen (Taiwan); Fatih Dogan (Turkey); and Allen A. Terhaar (USA). In addition, the nomination by Egypt of Ahmed Elbosaty had been received on November 24 and would be formally confirmed by the Standing Committee at its next meeting.

2. The Executive Director also noted the presence of two former members of the PSAP: Suresh Kotak (India) and Mohammed Atif Dada (Pakistan). Also present was Andrew Macdonald, representing the International Textile Manufacturers Federation, which had been accorded the status of permanent observer to the PSAP.

2. Priorities for economic studies of the ICAC

3. Allen Terhaar introduced Attachments 1 to 3, containing information and data on the relative performance of cotton and polyester. He proposed that the Secretariat conduct a study on the economic factors underlying the growth of polyester production and demand, thus enabling ICAC Members to understand better the dynamics of competition among fibers. Other PSAP members supported the suggestion, since competition from man-made fibers is considered to be the most important threat to the demand for cotton. The study would be useful for ICAC Members in the development of policies for their cotton sectors.

4. In its next meeting, the PSAP will discuss in greater detail the terms of reference and sources of funding of this study.

3. Efficiencies in cotton trading

5. Ms. Marième Fall, Counsellor in the Agriculture and Commodities Division of the World Trade Organization, speaking in a personal capacity, made a verbal presentation on relevant processes in the WTO involving the reduction of inefficiencies in international trade, especially the new Trade Facilitation Agreement and the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement).

6. PSAP members noted that they had identified the standardization of phytosanitary certificates as a key issue in the facilitation of international cotton trading. They recommended that the ICAC Secretariat should emphasize the importance of this matter in its presentations at WTO cotton meetings and that ICAC Members should support efforts to raise awareness of the importance of this issue within the WTO.

7. PSAP members also noted that requirements for fumigation of cotton varied widely among countries. They requested the Secretariat to gather more information on relevant international initiatives, in the Codex Alimentarius and elsewhere, that might reduce these differences.

4. Membership in the ICAC

8. The Executive Director introduced Attachment 4, which contains information on the most important countries involved in the production, trading and consumption of cotton and the status of their membership in the ICAC. PSAP members affirmed the desirability of expanding the membership of the ICAC. China's importance in the cultivation and processing of cotton made it a priority, but the prospects for the accession of that country were small in the foreseeable future. In

such circumstances, efforts to expand membership should be concentrated in countries such as Vietnam, Bangladesh, Indonesia and Mexico, which were gaining market share in spinning and weaving but whose domestic production of cotton was limited. PSAP members were ready to put their contacts in the private sector at the disposal of the ICAC in the search for new members.

5. Membership in the PSAP

9. Members of the PSAP noted that only 10 of the 36 member countries of the ICAC were represented on the Panel. They urged ICAC member countries that had not appointed representatives to do so, in order to broaden the representation of the body. Private sector organizations that were interested in being represented on the PSAP were encouraged to contact their governments. PSAP members thanked the Standing Committee for approving their request to award the status of permanent observers to the PSAP to the International Cotton Association and the International Textile Manufacturers Federation.

10. The Executive Director reported on the evolution of discussions about changes in the terms of reference of the PSAP within the context of the negotiations for the accession of the European Union to the ICAC. All ICAC Members wished to preserve the multiplicity of inputs received from the private sector in Europe after the EU entered the ICAC as a single member, but the exact manner in which this would be done had not yet been decided. PSAP members recommended that every effort should be made to preserve the diversity of viewpoints that currently existed within the Panel.

11. PSAP members noted that the process within their countries for becoming a member of the PSAP was often bureaucratic. In order to facilitate matters, they recommended that the terms of PSAP members should be extended from one to two years. Some PSAP members suggested that the terms of Panel members should be indefinite, expiring only when the Secretariat received notice from the Member in question.

6. Promotion

12. The PSAP recommended that ICAC Members take the following steps to promote the use of cotton:

- Make fiber-content labels on textile products more visible, in order to allow consumers to make informed choices;
- Encourage the use of the results of instrument testing in the trading of cotton;
- Divulge the environmental and social consequences of the use of polyester;
- Introduce measures to promote the use of cotton by consumers; and
- Approach the cotton sector in a holistic manner, by implementing measures to encourage an increased diversification of the uses of cotton and a wider use of cotton by-products throughout the value chain.

7. ICAC Business Plan

13. PSAP members noted that the ICAC Business Plan had been instituted at the instigation of the Panel and that the PSAP had always provided significant input into the use of the funds raised as a result of the Plan. Since the study on polyester would require expertise and data that were not available within the Secretariat, consideration should be given to providing support for this initiative from Business Plan funds.

8. Administrative issues

14. A meeting of the PSAP will be held during the Bremen Cotton Week (March 16-18, 2016). On that occasion, a more detailed analysis of the study on polyester will be conducted.

15. The PSAP thanked Mr Jorge Vartparonián, of the Camara Algodonera Argentina, Argentina, and Mr Antonios Siarkos, of Siarkos S.A. Cotton Ginning, for their service as Chair and Vice Chair, respectively, of the PSAP for the past year. The PSAP elected Mr Antonios Siarkos to serve as Chair and Allen Terhaar to serve as Vice Chair of the PSAP during the year from the end of the 74th Plenary Meeting until the end of the 75th Plenary Meeting.

16. Seeing no other business, the Chair declared the meeting closed.

Attachments:

Attachment 1: "Polyester: the new fabric of our lives?" by Mark Bain (Reuters)

Attachment 2: Textile Mill Consumption – Polyester and Cotton

Attachment 3: Charts for ICAC

Attachment 4: Top 10 Cotton Producers, Exporters, Importers and Consumers