



74th Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

MINUTES

INAUGURAL SESSION

9:00 hr. Monday, December 7, 2015

Mr. Sanjay Kumar Panda, Secretary (Textiles), Government of India in the Chair

The session started with the introduction of the dignitaries and lighting of the Traditional Indian Lamp.

Dr. Kavita Gupta, Textile Commissioner of India and chairperson of the organizing committee presented a welcome address and opening remarks. Dr. Gupta welcomed all distinguished participants to India, a country with a rich culture and heritage, as well as being the world's largest producer of cotton with a very long history of cotton cultivation. She referred to the history of the ICAC since its foundation in 1939 and listed the major functions fulfilled by the organization in benefit of member countries, including India, and ICAC's role in facilitating the global cotton economy. Dr. Gupta described the importance of cotton for Indian agriculture and economy and for the livelihood of millions of the country's rural population. She welcomed the Chief Guest of the function H.E. Santosh Kumar Gangwar, Union Minister of State for Textiles, who had supported the planning of this meeting. Dr. Gupta also welcomed Dr. Sanjay Kumar Panda, Secretary to the Ministry of Textiles and Chair of the Inaugural session, who has done extensive work in the field of textiles. She also welcomed Ms. Wei-jiun Liao, the Chairperson of the Standing Committee and Ms. Anu Garg, Joint Secretary (Cotton) of the Ministry of Textiles, and also colleagues from the Ministry of Agriculture and from the Ministry of Commerce. Dr. Gupta welcomed Mr. José Sette, the Executive Director of ICAC and the entire Secretariat. She welcomed the participants, delegates, observers, researchers and specifically Dr. Greg Constable, the ICAC Researcher of the Year. Dr. Gupta welcomed individually delegates of every member country, as well as observers from non-member countries and media representatives. She referred to the recent buildup in world cotton stocks presenting a challenge to the industry and making necessary to diversify the use of cotton, which would be discussed among other important topics at this Plenary Meeting. Dr. Gupta hoped delegates would have an enjoyable stay and take time to experience the exceptional beauty and rich spiritual heritage of India.

Recognition of the ICAC Researcher of the Year, Dr. Greg Constable of Australia.

The Secretary General said that it was his pleasure to present the ICAC Researcher of the Year for 2015, Dr. Greg Constable of Australia. Dr. Greg Constable has 46 years career in cotton research with a focus on the application of agricultural science in the field. During most of this time, Dr. Constable was employed by the Commonwealth Scientific and Industrial Research Organisation, the federal government agency responsible for scientific research in Australia. Dr. Constable's research interests include cotton breeding, physiology and crop management systems. His knowledge of cotton physiology and ability to link physiology with cotton varietal development have led to significant breakthroughs in varieties with high commercial impact in Australia. These varieties now

dominate markets in some other producing countries. Cotton yields in Australia are the highest in the world and almost three times the world average. Dr. Constable has certainly played an important role in this achievement.

At the international level, Dr. Greg Constable has many credits to his portfolio. He was the Inaugural Chair of the first World Cotton Research Conference, which was held in Brisbane in 1994. Dr. Constable was instrumental in organising the first meeting of breeders and molecular biologists in Australia, which subsequently became the International Cotton Genome Initiative. He is the current and first Chairman of the International Cotton Researchers Association (ICRA). ICRA is less than four years old and, under his leadership, is well on the way to becoming a voice for cotton researchers in the world.

He congratulated Dr. Constable personally, on behalf of the ICAC staff and ICAC member governments for his selection as ICAC Researcher of Year 2015, a program of which the ICAC is extremely proud.

Dr. Constable said that it was a great honor to receive this prestigious award acknowledging his research. He showed his appreciation for the recognition of research in cotton worldwide.

The CHAIR introduced Mrs. Wei-jiun Liao of Taiwan, Chair of the Standing Committee, to present her report.

Mrs. Wei-jiun Liao reported that the most important task facing the Standing Committee since the 72nd Plenary Meeting in Cartagena had been the consideration of the terms of entry of the European Union (EU) in the ICAC. In view of the complexity of the issues involved and the time required to discuss them thoroughly, the Standing Committee decided to create a specific body for analysis of the necessary changes to the Rules and Regulations. Accordingly, a decision was taken to establish a Task Force on European Union Membership (TFEU). During its meetings, ICAC members had stressed the importance of the EU in the world cotton economy and their conviction that the membership of the EU was desirable and would strengthen the ICAC. She reported that significant progress had been made during the past year, to the point that a Drafting Group had been constituted to prepare a draft of amended Rules and Regulations for discussion during this Plenary. She looked forward to seeing the EU seated among ICAC members.

With respect to budgetary matters, Ms. Liao reported that the Standing Committee has repeatedly stressed its concern with late payment of assessments by some ICAC member countries. Earlier this year four members with persistent arrears had been suspended. She noted that this action had a positive effect: three of the members suspended had made partial payments of their arrears and two had been reinstated. She stressed that the prompt payment of assessments is a precondition for the efficient administration of the ICAC and urged all member Governments to comply with their statutory obligations in a timely manner.

Mrs. Wei-jiun Liao reported that the Standing Committee had received the annual report of the Secretariat on government support measures in cotton and that this document was instructive: government support reached a record level, exceeding US\$10 billion in 2014/15. She noted that the information on government measures

compiled by the Secretariat is an important reference and highly valued by ICAC members.

Ms. Liao reported that Standing Committee members also welcomed the inputs provided by the various advisory bodies of the ICAC, including the Expert Panel on Social, Environmental and Economic Performance of Cotton Production (SEEP), the Task Force on Commercial Standardization of Instrument Testing of Cotton (CSITC), and the Private Sector Advisory Panel (PSAP).

She reported that the Standing Committee had unanimously endorsed the nominations of Mr. Tomasz Sowa, Secretary, Embassy of Poland Trade & Investment Section, as Chair, Ms. Reenat Sandhu, Minister, Embassy of India, as First Vice Chair, and Ms. Claudia Fontana Tobiassen, First Secretary (Trade and Commercial Affairs), Embassy of Switzerland, as Second Vice Chair of the Standing Committee for the next year. She noted that all three nominees had demonstrated their interest in the work of the ICAC through frequent participation in the work of the Standing Committee and these nominations had been submitted for final approval during this Plenary Meeting.

Ms. Liao expressed her sincere appreciation to all fellow Standing Committee members in Washington for their hard work, professionalism and dedication to the ICAC during the past year. She expressed appreciation to the ICAC staff for their excellent work. Ms. Liao said that she will remember her experience at the ICAC with the fondest memories as it had been a great pleasure to work with such a diverse and talented group of people, while enjoying the friendship and the sense of belonging in the big warm ICAC family.

Ms. Liao expressed her profound gratitude to the Government of India and the Organizing Committee for the excellent arrangements made for the 74th Plenary Meeting.

The CHAIR introduced Mr. José Sette to give his report as Executive Director.

The Executive Director said that the world cotton sector has entered a time of transition, bringing with it many changes in the way all participants in the value chain operate. He noted that after five years of supply exceeding demand, production had fallen and was approximately in line with consumption. However, cotton still faced many challenges, the most important of which would be discussed in this Plenary.

The Executive Director reported that falling prices had led to increased support to their cotton sectors by governments and that ICAC's annual report on "Government Support to the Cotton Sector" showed that government assistance had surpassed US\$10 billion, the highest level since the organization first started to collect data on this subject.

The Executive Director reported that falling cotton prices during the past two seasons made cotton much more competitive in comparison with competing fibers, which was leading to a rather timid recovery in demand.

However, promotional efforts that build a positive image of cotton among consumers must continue and expand. He noted that ICAC will carry on working closely with the International Forum for Cotton Promotion (IFCP) and that the program of the 74th Plenary included a section dedicated to the views of retailers, during which leading retail chains from all over the world will present insights into the most important factors taken into consideration when buying cotton articles.

The Executive Director noted that a substantial part of this year's Plenary Meeting program will be devoted to a variety of factors that affect production, and that this year's Technical Seminar will focus on ways to reduce or even eliminate the use of insecticides in cotton production, thereby lowering costs and improving sustainability. He said that sessions will also explore other important issues, such as the use of cotton by-products, mechanical picking, climate change and the international exchange of cotton germplasm. The Executive Director described the ICAC activities in supporting cotton research and disseminating information on research, including the Research Associates Program, the Researcher of the Year Award, support for regional research groupings, the International Cotton Researchers Association (ICRA), and the World Cotton Research Conference.

The Executive Director noted the growing awareness of the need for sustainable practices throughout agricultural value chains and described activities of the Expert Panel on the Social Environmental and Economic Performance of Cotton Production (SEEP). The primary objective of this body was to collect and review independent, science-based information on the negative and positive social, environmental and economic aspects of global cotton production, as well as to make recommendations for further action as appropriate to improve the performance of the cotton sector. He noted that this year the SEEP released its report on "Measuring sustainability in cotton farming systems: Towards a Guidance Framework", which provides an overview of sustainability issues in cotton and proposes a set of indicators for use in measuring sustainability. He said that the next step is to test the indicator framework in selected countries in order to establish its practical viability and usefulness and challenges associated with the implementation of sustainability indicators in the field will be discussed in an interactive "World Café" session during the Plenary. He noted that one of the functions of SEEP will be to serve as a central coordinator and clearinghouse of information on tests of the indicators in different contexts.

The Executive Director highlighted the importance of integrating the private sector in the work of the ICAC, and described activities of the Private Sector Advisory Panel (PSAP) especially in issues linked to the reduction of "trade friction", i.e. improving the efficiency of the cotton trade. He said that the PSAP indicated that documentation for cotton shipments tends to be highly complex in comparison with other commodity industries and efforts to streamline procedures through standardization of requirements would help to improve the efficiency of cotton trading. He reported that the ICAC is renewing its efforts within the scope of the World Trade Organization and the Food and Agriculture Organization of the United Nations to simplify and standardize these important documents.

He also described the activities of the Task Force on Commercial Standardization of Instrument Testing of Cotton

(CSITC), which was tasked with developing mechanisms to standardize High Volume Instrument (HVI) results on an international basis, so as to create a level playing field and increase the confidence of the cotton industry in the reliability of test results. He said that standard definitions and a common methodology to measure laboratory performance in testing cotton samples have been established. He reported that the CSITC seeks to improve cotton testing around the globe by conducting four Round Trials per year, with participating laboratories receiving detailed diagnostic reports, and his program has been extremely successful, with more than one hundred laboratories now participating on a regular basis.

The Executive Director described the importance of the ICAC mission in serving as a forum for the development of policies and solutions to strengthen commodity value chains; enhancing the transparency of the market and enabling economic decisions to be taken on the basis of accurate and timely data; encouraging the development and dissemination of knowledge; and promoting sustainability. He said that during its first decades of existence, the ICAC emphasized its roles as a forum for exchange of ideas among members and as a clearinghouse for statistics while more recently, the Secretariat had diversified its output publishing more analytical and prospective studies. He noted that knowledge dissemination has been accorded a higher priority, as demonstrated by the establishment of a Technical Information Section, which publishes technical studies and organizes the World Cotton Research Conference and regional meetings of cotton researchers. He said that more recently, the ICAC continued its process of renovation by taking an active role in the discussion of issues related to the sustainability of cotton: by trying to reduce “trade friction” through support for standardized High Volume Instrument (HVI) testing and other measures; by compiling information on sustainability initiatives; and by evaluating practical and effective ways to measure sustainability through the SEEP. He noted that EU membership is welcomed by all ICAC members and will surely strengthen the organization even more by incorporating the world’s largest economic bloc in its work.

The Executive Director expressed his gratitude to all the delegates to the Standing Committee, who always gave him their unstinting support and provided valuable inputs. He urged member governments to include them in their delegations to the Plenary, so that Standing Committee delegates can see with their own eyes the results of their hard work and also provide the benefit of their experience. He extended a special vote of thanks to the Chair of the Standing Committee, Ms. Wei-jiun Liao of Taiwan, who had been a pillar of strength throughout the year, providing helpful suggestions, insightful criticisms and going out of her way to engage with all Standing Committee delegates in order to build consensus and wished her all the best in her new.

The Executive Director said that it was a privilege to work with the highly qualified members of the ICAC Secretariat, who gave him all their support. They were dedicated and talented professionals who are committed to furthering the organization’s objectives. He expressed his confidence that staff members will continue to provide the excellent services and innovative thinking that members have come to expect from the Secretariat.

He concluded that this 74th Plenary Meeting of the ICAC will examine many subjects of relevance to cotton. The

Secretariat hopes that the presentations and ensuing debates will give members the background information and tools to implement concrete measures for the benefit of the world cotton sector. He also expressed a hope that the numerous observers who honor ICAC with their participation would absorb useful knowledge that will persuade authorities of the benefits of membership in the ICAC, as he is confident that ICAC membership is a worthwhile and effective way to integrate countries into the world cotton sector.

The CHAIR introduced Mr. Antonios Siarkos, Vice Chair of the Private Sector Advisory Panel (PSAP), to present a report on the Panel's 34th meeting. Mr. Siarkos reported that the PSAP emphasized the need for the ICAC to give the highest priority to increasing the competitiveness of cotton in relation to competing fibers, with special attention to polyester. PSAP members recommended that ICAC members: take steps to make 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; take into greater consideration the environmental and social impacts 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. He indicated that the PSAP will discuss specific recommendations for economic studies, to be undertaken by the ICAC Secretariat, on subjects related to the competitiveness of cotton vis-à-vis polyester.

Mr. Siarkos said that the PSAP noted the need to reduce "trade friction" by harmonizing the documentation involved in the trade of cotton. In particular, the PSAP urged the ICAC to raise awareness within the World Trade Organization of the need for the standardization of phytosanitary certificates. He reported that the PSAP also noted that requirements for fumigation of cotton varied widely among countries and requested the Secretariat to obtain further information on possible ways in which to reduce these differences.

Mr. Siarkos said that the PSAP expressed its satisfaction with the progress being made to permit the accession of the European Union to the ICAC, and once this process was concluded, the ICAC should make further efforts to expand membership, especially in Asian countries that were becoming increasingly important in the spinning and weaving of cotton. PSAP members had expressed their willingness to support a drive to attract more members through their contacts with private sector associations in countries that were possible candidates for membership and by contacting directly the governments of potential members. He reported that the PSAP members noted that the eventual accession of the European Union might require changes in the terms of reference of the Panel, which would be the responsibility of the Standing Committee. If such changes were to be implemented, PSAP members recommended that every effort should be made to preserve the diversity of viewpoints that currently existed within the Panel. In order to reduce bureaucracy, they also recommended that the terms of PSAP members should be made unlimited and extend until notice to the contrary be received from the nominating Member.

Approval of the Agenda of the 74rd Plenary Meeting

The Secretary General called for any comments on the agenda. There were no comments. The agenda was

approved.

The CHAIR, Dr. Sanjay Kumar Panda, Secretary to the Ministry of Textiles welcomed guests to India and highlighted the importance of the cotton and clothing for human mankind. He noted that the theme of the Plenary Meeting is very appropriate with the key issue of sustainable cotton production focusing on social, environmental and economic aspects as major aspects of sustainable fiber production. He indicated that, in order to face major challenges in cotton production and its competition with man-made fibers, a need existed to improve practices, quality, develop new efficient cotton varieties and improve cotton processing into yarn. He welcomed participants to India and proposed to work together in order achieve prosperity.

The CHAIR invited the Chief Guest, H.E. Santosh Kumar Gangwar, Union Minister of State for Textiles to present the keynote address. The Minister expressed his happiness in participating in the ICAC 74th Plenary Meeting, which was taking place eleven years after the 2004 Plenary held in India in 2004. He was grateful to the ICAC for the opportunity to host and organize this ICAC meeting and thanked all the participants for attending. He noted that cotton is an ancient commodity in the history of India, and is at least 7,000 years old. He noted that cotton is a holy flower, a bright fiber in the Indian history and that India has been a pioneer in cotton production and consumption. Since gaining independence India had to develop cotton production in order to supply spinning mills. The country achieved self-sufficiency in cotton production by 2003 and had become one of the largest producers, consumers and exporters of cotton. The Minister noted that in 2014/15 India initiated minimum support price operations, directly procuring cotton in order to support producers. He praised ICAC for its efficiency and indicated that India supports its activities and plays an important role in the world cotton sector, since it is one of the largest exporters of cotton and textiles. He congratulated ICAC and the Ministry of Textiles for organizing the Plenary Meeting and urged participants to make substantial and beneficial deliberations that would take cotton, the vital fiber, to new horizons. He thanked the delegates for their input into the success of the ICAC Plenary Meeting.

The CHAIR introduced Ms. Anu Garg, Joint Secretary (Cotton) of the Ministry of Textiles. She thanked the Minister of Textiles and the Union Textile Secretary Dr. Sanjay Kumar Panda for inspirational speeches and expressed her gratitude to the ICAC for the opportunity to organize and host this Plenary Meeting. She also thanked the Executive Director and the Secretariat for their efforts in organizing the event, while expressing gratitude to participants and observers. She hoped that all would have excellent and substantive discussions. She thanked the organizing committee and its members, including the chairperson Dr. Kavita Gupta, the Cotton Corporation of India (CCI), the Cotton Association of India, the Confederation of Indian Textile Industry and members of media for all the arrangements made and wished all the very best.

The session was adjourned at 11:00 a.m.