



# 74<sup>th</sup> Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

## MINUTES

### FIRST PLENARY SESSION (continued)

#### Statements

17:00 hr. Monday, December 7, 2015

Chair by Dr. Kavita Gupta, Textile Commissioner, Government of India.

The delegate from the **World Trade Organization** (WTO) thanked the government of India for hosting the 74<sup>th</sup> Plenary Meeting and expressed its appreciation to ICAC for the invitation to participate in this event. The delegate noted that the WTO secretariat has established a productive and mutually beneficial collaboration with ICAC for over a decade, and mentioned that WTO members highly appreciate ICAC's presentations on cotton production and trade trends at meetings of the Director-General's Consultative Framework Mechanism on Cotton and at the Dedicated Discussion on the Trade Aspects of Cotton. The delegate also noted that cotton is an integral part of the Doha Development Agenda (DDA), and one of the priorities identified by the Cotton Four (C-4) as well as several other WTO members. The 10<sup>th</sup> WTO Ministerial Conference will be held next week in Nairobi, Kenya.

The delegate from the **French Agricultural Research Centre for International Development** (CIRAD), a French international research organization, stated that the organization has a mandate to assist the development of sustainable agricultural production in tropical and subtropical areas, and mentioned that the organization supports the theme adopted for the Plenary Meeting, since it contributes directly to the study of several faces of cotton. Four important facets of cotton should be considered by all member and non-member countries. These facets are related to: (1) cotton as major component of cropping systems integrating food crops; (2) cotton as varietal response which provides for coping with the changes in environmental constraints; (3) cotton as an industrial, textile and food plant; and (4) promoting exchanges in production techniques with a view of sustainability and competitiveness in cotton-based cropping systems. The delegate concluded his intervention by stating that it is paramount to invest in skills, functioning and the transfer of knowledge in research in the South, in order to help in dealing with the current and future challenges and stakes of the cotton supply chains.

The representative of the **International Cotton Association** (ICA) noted that, since the spike in prices in 2010/11, the number of contractual disputes continued to fall with a number of applications for arbitrations down for the record highs of 242 in 2011 and 247 in 2012 to a record low this year of just 38 applications. However, in the last five years there have been 560 arbitration awards issued, with a value of \$713 million dollars. Of these, 334 or 60% have been defaulted on. There was a bigger problem affecting everyone involved in the cotton sector, namely the enforcement of arbitration awards. The ICA representative explained the implications of the 1958 Convention on the recognition and enforcement of foreign arbitral awards (otherwise known as the New York Convention), and gave some examples of how legally valid ICA arbitration awards have been dismissed against

the principles of the New York Convention. Member states could implement three different strategies to ensure that they fulfill the terms of the New York Convention: (1) ensuring judges are properly trained in the enforcement of foreign arbitral awards; (2) presenting foreign arbitration awards to properly constituted commercial courts with the proper expertise to handle them; and (3) ensuring that there are enough properly trained judges to hear cases so that they can be dealt with in a timely and efficient manner.

The representative of the **Food and Agricultural Organization of the United Nations** (FAO) noted that the FAO has three main goals: the eradication of hunger, food insecurity and malnutrition; the elimination of poverty and the driving forward of economic and social progress for all; and, the sustainable management and utilization of natural resources, including land, water, air, climate and genetic resources for the benefit of present and future generations. The supports the strengthening of cotton sectors through the implementation of regional and national projects in West Africa and in the MERCOSUR countries of Latin America respectively. The primary focus of these programs is to increase the profitability and sustainability of smallholder cotton production by focusing on three major areas of work: the development and adoption of innovative, agro-ecological practices, family farming and social inclusiveness, and partnerships and South-South cooperation. The FAO and ICAC and other development organizations have joined forces to promote a global dialogue on the environmental, economic and social sustainability of the cotton industry. The FAO representative also touched upon the long-standing collaboration between the Trade and Markets Division of FAO and ICAC, and the OECD-FAO Agricultural Outlook publication.

The delegate of the African Cotton Association (ACA) provided a briefly report on the activities developed by the organization during 2015. The delegate also thanked all donor partners for their contribution to maintaining the competitiveness of the African cotton production.

The delegate of ACTIF described his organization's vision for an integrated African textile industry that can compete on the world market. The recent extension of the US African Growth and Opportunity Act and the conclusion of the European partnership agreement represented opportunities to strengthen the textile and apparel sector in Africa. Since the last Plenary meeting in 2014, ACTIF has been engaged with one project that has supported each segment of the value chain from farmer to the final product being marketed for export to the European markets with products that are fully traceable and verified under Cotton Made in Africa. The Cotton Made in Africa initiative has grown to include over 770,000 farmers and production within several African countries such as Ethiopia, Mozambique, Zambia, Zimbabwe, and Burkina Faso. ACTIF has continued to witness a growth in the textile sector of East Africa, which has implemented a large project assisted by an idea center that supports technology transference and capacity-building between India and several countries in eastern Africa in order to expand trade between these countries. The delegate noted that its conference, Origin Africa, was held in October 2015 in Ethiopia and was the largest pan-African cotton, textile & apparel event in the region and helped raise awareness of Africa both as a place for investment and as a sourcing destination.

The session was adjourned at 6:00 p.m.