



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

## MINUTES

### Meeting of the Steering Committee

8:30 hr. Friday, December 11, 2015

Ms. Wei-jiun Liao, Chair of Standing Committee, in the Chair

1. The CHAIR called the Steering Committee Meeting to order and asked if there were comments or suggestions to the preliminary agenda of the meeting. Seeing none, the CHAIR found that the agenda was approved.

#### **Election of the Standing Committee Officers, Working Paper I**

2. The CHAIR introduced Working Paper I, which contained the recommendations of the Nominating Committee for nominations of officers to the Standing Committee.

3. The Rules and Regulations specify that, when practicable, the First Vice Chair will be nominated to succeed the outgoing Chair and the Second Vice Chair nominated to succeed the First Vice Chair. The current First Vice Chair, Mr. Tomasz Sowa, of Poland, and Second Vice Chair, Ms. Reenat Sandhu, of India, are available to serve as Chair and Vice Chair, respectively, during 2015/16. Accordingly, the Nominating Committee nominated a Second Vice Chair during its meeting. Based on geographical rotation, representation of importing and exporting countries, ability, interest and participation in the work of the Committee and timely payment of assessments, the Nominating Committee put forward the name of Ms. Claudia Fontana Tobiassen, First Secretary (Trade and Commercial Affairs), Embassy of Switzerland, to serve as Second Vice Chair. The Standing Committee endorsed the three nominations during its 534<sup>th</sup> Meeting.

4. The CHAIR asked if there were comments on the report of the Nominating Committee and the endorsement of the Standing Committee, and seeing none she found that Mr. Sowa, Ms. Sandhu and Ms. Fontana Tobiassen were confirmed as Chair, First Vice Chair and Second Vice Chair of the Standing Committee, respectively, for the period from the end of the 74<sup>th</sup> Plenary Meeting to the end of the 75<sup>th</sup> Plenary Meeting. The delegate of POLAND thanked the Steering Committee for the trust placed in his colleague from the Embassy in Washington. All delegates congratulated the incoming officers. Working Paper I is attached.

#### **European Union Membership in the ICAC Working Paper III**

5. The CHAIR introduced Working Paper III, which contained proposed amendments to the Rules and Regulations of the ICAC that would enable the membership of the European Union. She observed that this was the most important item on the agenda of this meeting and that the proposal had been the subject of much hard work by the Standing Committee and working groups during prior months. She was glad to report that the Standing Committee had been able to put forward a proposal for amendments to the Rules and Regulations for the consideration of the Steering Committee.

6. Before the Steering Committee considered this matter, the CHAIR offered the floor to the representative of the European Union, Ms. Francesca Renzi, Attaché for Cooperation, Delegation of the EU to India.

7. Ms. Renzi emphasized the importance attached by the EU to membership in the ICAC. The approval of amendments to the Rules and Regulations marked significant progress towards this end. She informed that the European Commission has received authorization to constructively negotiate the EU accession. The EC was very committed to carefully consider all the outstanding issues in order to reach a successful conclusion before the beginning of ICAC's 2016/17 fiscal year, on 1 July 2016. The Commission would make sure all the key issues are covered and would provide creative inputs to help resolving the discussions.

8. With regard to the outstanding question of transitional arrangements, a certain room for flexibility existed on the part of the EU, as long as the terms were reasonable. A right balance between cost control and results was required, in order to achieve the best value for money.

9. The EC affirmed its understanding that it should be considered as a fair assumption that meetings of this Advisory Committee could be held in any of the countries of the EU and that staff might also be drawn from any of the EU nations.

10. The EC considered the private sector as a key partner and give the highest priority to ICAC's Private Sector Advisory Panel. The EU considered that participation of all ICAC members should be extended to more than one representative per Member, as was the case in other international organizations, in order to foster communication with the private sector and all the facets of the cotton economy.

11. The EC stressed that both it and ICAC had a similar overall objective: that cotton is a commodity that deserves all our attention "because it represents so much for so many producers and the more we can do for it the more all our citizens consumers will benefit."

12. The CHAIR thanked the representative of the EC for her statement. She then requested Mr. James Johnson, co-chair of the Drafting Group, to explain the rationale underlying the proposed amendments.

13. Mr. Johnson provided a summary of the work done by the Standing Committee and two working groups: the Task Force on European Union Membership and the Drafting Group. In preparing the proposals for amendments to the Rules and Regulations, the Standing Committee sought to minimize changes to the existing statutes. The vast majority of amendments arose as a result of the need to change wording to accommodate membership by an intergovernmental organization. To that end, words such as "country" and "government" had been replaced by "Member". The few changes of substance were discussed in the Working Paper.

14. Mr. Johnson further noted that, as provided for in the Rules and Regulations, the negotiation of transitional arrangements and other outstanding issues could be handled by the Standing Committee, thus enabling EU accession before the beginning of the next ICAC fiscal year on July 1<sup>st</sup>, 2016.

15. The CHAIR opened the subject to discussion.

16. The delegate of INDIA declared that the Steering Committee, as the supreme body of the ICAC, was faced with an important decision. The accession of the EU would be a positive step, although the financial impact on smaller members would be substantial. The discussion of amendments to the Rules and Regulations could not be dissociated from other outstanding issues, three of which were of paramount importance: transitional payment arrangements; payment of arrears of EU members that had withdrawn from ICAC leaving unpaid assessments; and unpaid assessments of EU member states that are currently Members of ICAC. These issues were important and needed to be addressed at the Steering Committee level.

17. Mr. Johnson replied that the Standing Committee was empowered to handle these questions, under the provisions of Section II (b) of Article II of the Rules and Regulations. He further noted that the Standing Committee was aware of the outstanding issues raised by the delegate of India and would address them with a view to defending the interests of ICAC Members. He added that common ground would also need to be found regarding the terms of reference of the Private Sector Advisory Panel.

18. The delegate of INDIA stressed the need for greater clarity on the part of the EU. The delegates of EGYPT, PAKISTAN, SUDAN and UGANDA agreed with India on the importance of the questions still outstanding, especially uncollected assessments. They emphasized the principle of non-forgiveness of outstanding arrears.

19. The CHAIR stated that the Standing Committee would bear in mind the concerns expressed by these Members, which were shared by many delegates around the table. In order to assure that their voices would be heard, all Members should instruct their representatives in Washington to attend meetings and participate in the decision-making process.

20. The CHAIR thanked delegates for their contributions to the discussion and noted the need to close this agenda item. She asked if there were any further questions or comments regarding the proposed amendments to the Rules and Regulations contained in Working Paper III, and seeing none found that they were approved.

**Topic of the 2016 Technical Seminar,  
Working Paper II**

21. The CHAIR introduced Working Paper II, which contained three proposals from the Committee on Cotton Production Research as to possible subjects of the Technical Seminar to be held during the 75<sup>th</sup> Plenary Meeting in 2016. During its meeting after the Technical Seminar, the Committee on Cotton Production Research had recommended the topic “New Opportunities and Methods for Technology Transfer”.

22. The delegate of PAKISTAN requested that the Steering Committee not endorse the recommendation of the Committee on Cotton Production Research and instead opt for one of the other proposed topics, namely “Emerging Pests in Cotton and their Control.” This topic was of great importance to his country, which would serve as host. The proposal of Pakistan received the support of the delegate of INDIA.

23. CHAIR asked if there were any objections to the proposal of Pakistan, and seeing none she declared approved the topic of “Emerging Pests in Cotton and their Control”. Working Paper II is attached.

**Uncollected Assessments of Member Governments of the ICAC,  
Working Paper IV**

24. The CHAIR introduced Working Paper IV, which presented the current status of uncollected assessments of ICAC members. After reminding Members of the importance of prompt payment of assessments, she requested the Executive Director to brief delegates on this issue.

25. The Executive Director presented comments on the table of uncollected assessments of current members as of December 5, 2015, contained in Attachment 1. Since the circulation of the document, confirmation of payment in full of outstanding obligations had been received from France and South Africa.

26. The delegate of SPAIN informed that administrative steps had been taken to arrange payment of its outstanding assessment, which would be received by ICAC in the near future.

27. The Executive Director then turned to Attachment II, which contained information on suspended members. He recalled that, during the 73<sup>rd</sup> Plenary Meeting, the Steering Committee had instructed the Secretariat to enforce strictly the provisions of paragraph (f) of Section 4 of the Rules and Regulations, which call for the suspension of members that are more than two years behind in their contributions to the ICAC.

28. The Executive Director reported that four Members, namely Iran, Nigeria, Peru and Sudan, had been suspended on April 1, 2015. The situation of each suspended Member was presented in detail in Attachment II of Working Paper IV. He noted that three of the four suspended members had made payments on their arrears during the first months of 2015/16. In the case of Iran, the amount received had been insufficient to enable reinstatement. Members were aware of the difficulties faced by Iran in making international financial transactions. Therefore, the payment should be considered a symbol of the high value attached by Iran to membership in the ICAC. In the case of Nigeria, the ICAC had received payment of an amount sufficient to reactivate membership under the provisions of Section 4 of Article II of the Rules and Regulations. On December 5, the last working day before the beginning of the Plenary, the Secretariat received a communication from the Coordinating Agency in Nigeria formally requesting reinstatement. Nigeria was accordingly reinstated and, as soon as possible after the return of the Secretariat to Washington, a document would be circulated to Members containing a schedule for payment by Nigeria of the outstanding arrears. In the case of Peru, no official communications had been received by the Secretariat. In the case of Sudan, a partial payment had been received and a repayment schedule drawn up. Sudan had, however, failed to meet the deadline for payment of its pro rata contribution to the 2015/16 budget. In its 537<sup>th</sup> meeting, the Standing Committee decided not to suspend Sudan at that moment and instead referred the matter to the Steering Committee.

29. The delegate of NIGERIA expressed his country’s commitment to membership in the ICAC. His country

was trying to reduce dependency on the petroleum industry and the cultivation of cotton was an important component in this strategy. He thanked Members for their understanding with regard to the situation of his country and affirmed that Nigeria would meet the financial obligations arising from reinstatement.

30. The delegate of SUDAN thanked the Standing Committee for the understanding shown to his country in its 537<sup>th</sup> Meeting. His country respected the Rules and Regulations, including provisions for payment of assessments. Sudan, however, faced technical difficulties in transferring funds abroad, as was well known to Members. These issues had created obstacles in payments to Sudan's own embassy to the USA, as well as those to international organizations based in that country. Talks were being held with the State Department to try to resolve the issue. He requested an extension of the deadline for payment of the contribution to the 2015/16 budget until March 31, 2016. His country was also committed to ICAC membership.

31. The CHAIR enquired if there were any objections to the request for extension made by Sudan, and seeing none she declared the request approved.

32. The CHAIR thanked both Nigeria and Sudan for their statements, which showed their support for the ICAC. She was glad to see both Members back.

33. The delegate of INDIA requested that the Secretariat send reminder letters to all countries that had withdrawn from the ICAC while in arrears in compliance with their financial obligations to the organization.

34. Seeing no other comments on the issue of uncollected assessments, the CHAIR asked if there were other business, and seeing none declared the meeting adjourned at 11:30 hrs.