

REPORT  
OF THE CHAIR  
OF THE STANDING COMMITTEE

Wei-jiun Liao  
Taiwan

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

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Honorable Chairman, Distinguished Delegates to the 74<sup>th</sup> Plenary Meeting of the International Cotton Advisory Committee, Observers and Guests.

On behalf of the members of the Standing Committee and the Government of Republic of China (Taiwan), I wish to express my sincere appreciation to the Government of India for hosting the 74th Plenary Meeting of the ICAC. I congratulate India and all members of the Organizing Committee for their efforts. The agenda of this meeting covers many of the most important issues facing the world cotton sector today, including: ways to reduce the use of insecticides; the empowerment of women; and the manners in which retailers view cotton will be analyzed by a set of highly qualified speakers. I am sure that they will enlighten us, so that we will return to our countries with practical ideas for improving the performance of our respective cotton sectors.

### **Membership of the European Union**

The most important task facing the Standing Committee since the 72<sup>nd</sup> Plenary Meeting in Cartagena has been the consideration of the terms of entry of the European Union (EU) in the ICAC.

EU accession to the ICAC was the subject of informal exchanges since 2004. However, the interest of the EU in acceding to the ICAC was only formalized by means of a letter received from the European Commission (EC) in September 2013, during the 72<sup>nd</sup> Plenary Meeting. The letter informed that the EU has an interest in cotton, that the EU believes the ICAC to be an effective organization, and that the EU wishes to join the ICAC. The EC requested that the Rules and Regulations of the ICAC be amended to explicitly provide for the membership of an intergovernmental organization and to establish the basis by which the assessments pertaining to such a member would be calculated before making a formal application for membership on behalf of the EU.

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 during its 526<sup>th</sup> meeting to establish a Task Force on European Union Membership (TFEU).

The TFEU met seven times in 2014 and 2015. At all times, ICAC members stressed the importance of the EU in the world cotton economy and their conviction that the membership of the EU is desirable and would strengthen the ICAC. During their deliberations, TFEU members concentrated on two fundamental and related issues: the impact of EU accession on the assessments of members; and concomitant changes in voting rights. In addition, members also discussed the representation of the EU in ICAC bodies, particularly the Private Sector Advisory Panel, as well as the need for the Rules and Regulations to be amended in a manner that would allow, in appropriate cases, for the accession of other intergovernmental organizations to the ICAC.

During the past year, significant progress has been made, to the point that a Drafting Group has been created to prepare a draft of amended Rules and Regulations for discussion during this Plenary. At the time of writing, this draft is still under discussion. However, I am confident that outstanding issues will be resolved in time to present a concrete proposal for changes in the Rules and Regulations for your consideration. I look forward to seeing the EU seated among ICAC members.

### **Other Standing Committee Activities**

As is customary, the Standing Committee approved the budget and work program of the Secretariat. In addition, the Standing Committee also helped to prepare the agenda of the 74<sup>th</sup>

Plenary Meeting, which covers a wide range of issues that are important for the future of the world cotton sector.

With respect to budgetary matters, the Standing Committee has repeatedly stressed its concern with late payment of assessments by some ICAC member countries. Earlier this year, we decided to suspend four members with excessive arrears. This action has had a positive effect: three of the members suspended have made partial payments of their arrears. The prompt payment of assessments is a precondition for the efficient administration of the ICAC and I urge all member Governments to comply with their statutory obligations in a timely manner.

The Standing Committee was kept informed of changes in the world cotton demand and supply situation through regular briefings received from the Secretariat. The enhancement of market transparency by providing accurate, neutral and timely data and analysis is a key function of the ICAC. Members highly appreciate the efforts of the Secretariat in this field.

In addition, the Standing Committee received the annual report of the Secretariat on government support measures in cotton. This document is instructive: government support reached a record level, exceeding US\$10 billion in 2014/15. The share of world cotton production receiving direct government assistance increased from 44% in 2013/14 to 76% in 2014/15 and subsidies averaged 22 US cents per pound in the twelve countries where these are available. Much work remains to be done in reducing subsidies and creating a level playing field throughout the cotton value chain. Although negotiations on these matters are conducted within the World Trade Organization, WTO members receive regular briefings on developments in the world cotton market from the ICAC staff. The information on government measures compiled by the Secretariat is an important reference and highly valued by ICAC members.

Standing Committee members also welcomed the inputs provided by the various advisory bodies of the ICAC.

The Expert Panel on Social, Environmental and Economic Performance of Cotton Production (SEEP) has published a report on appropriate and effective ways in which to measure the sustainability of cotton production all over the world. I look forward to its conclusions being put to practical use, as will be discussed during this Plenary.

The Task Force on Commercial Standardization of Instrument Testing of Cotton (CSITC) continues its outstanding work in developing concrete actions to encourage worldwide testing of cotton with standardized instrument testing methods and procedures. The work of the CSITC is important to promote increased international trade in cotton based on objective instrument-based classification systems. Over one hundred laboratories are now participating in CSITC Round Trials. I congratulate the Task Force on its achievements so far and hope that instrument testing becomes more and more widely used.

The Private Sector Advisory Panel (PSAP) plays a key role in keeping ICAC abreast of pressing issues involving governments and the private sector. ICAC will especially support recommendations by the PSAP in the direction of reducing trade “friction”, by means such as the increased harmonization of phytosanitary requirements across countries.

I wish to thank all members of these advisory bodies, and in particular Jorge Vartparonián, chair of the PSAP, Allan Williams, chair of the SEEP, and Andrew McDonald, chair of the CSITC, for selflessly dedicating their time to assist the ICAC.

### **Approval of Standing Committee Officers for 2015-16**

During its 534th Meeting, the Standing Committee 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. All three nominees have demonstrated interest in the work of the ICAC through frequent participation in the work of the Standing Committee. Officers representing Poland, India and Switzerland will provide broad geographical representation, representation to both developed and developing countries, and representation to both importing and exporting countries. The governments of Poland, India and Switzerland are all current in the payment of assessments to the Secretariat.

The nominations have been submitted for final approval during this Plenary Meeting. On behalf of all members of the Standing Committee, I hereby endorse the nominated officers.

Finally, I want to express my sincere appreciation to all my fellow Standing Committee members in Washington for their hard work, professionalism and dedication to the ICAC during the past year. It was not only an honor but a great pleasure for me to serve as chair of the ICAC, and I very much appreciated the support of the Standing Committee members in ensuring efficient conduct of our work.

On behalf of all members of the Standing Committee, I also take this opportunity to express appreciation to the ICAC staff for their excellent work. Special thanks also go to Executive Director José Sette. It is reassuring and comforting to know that you have a seasoned professional to count on when facing challenges. I'm sure the incoming chair and vice chairs will know what I mean very soon.

On a personal note, I have recently been informed that I will be leaving my current post in our mission in Washington, DC. In the future, when looking back on my years serving in the USA, I am sure that I will remember my experience at the ICAC with the fondest memories. It has been a great pleasure working with such a diverse and talented group of people. Of course there were challenging moments when we had to grapple with complicated issues. But there were also moments when I felt that I was not working and was actually having fun. I always learn from all of you every time we meet, and enjoy the friendship and the sense of belonging in the big warm ICAC family. I will miss you all dearly.

Finally, I would like to again express my profound gratitude to the Government of India and the Organizing Committee for the excellent arrangements made for the 74<sup>th</sup> Plenary Meeting.