



75th Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

MINUTES

SEVENTH OPEN SESSION

The Role of the Public Sector in the Cotton Industry

9:00 hr. Thursday, November 3, 2016

In the Chair, Mr. Muhammad Abid Javed, Secretary NFSR in Pakistan.

The Chair introduced Mr. Aamer Irshad, Chief of the Food and Agriculture Planning Commission, of the Government of Pakistan. Mr. Irshad began by noting the importance of cotton in the economy of Pakistan and mentioned the main two provinces producing cotton: Punjab (73%) and Sindh (26%). Cotton was a smallholder crop, since 81% of cotton growers were cultivating on farm with less than five hectares. He also commented on the response of the government, the investments going to the cotton sector and the policies that support cotton industry in Pakistan. The Federal government is fully integrated by the Ministry of Textile Industry and the Ministry of National Food Security and Research, whose main responsibilities are the development of policies, research, regulation, coordination of the cotton sector, biosafety committee, credit and policy analysis.

At the level of federal government, Pakistan is forecast to provide a total of Rs 1.5 billion through the National Food Security and Research and Rs 32 billion for irrigation water. The provincial governments of Punjab and Sindh also provide support to growers for gene imports, pest management, irrigation, cotton research, and machinery (Rs 93 Billion). Farmers also receive a production support for fertilizer, canal irrigation, electricity, farm machinery, pesticides, and agriculture credit.

The chair introduced Dr. Terry Townsend, ex-Executive Director of the International Cotton Advisory Committee (ICAC). Dr. Townsend started his presentation by noting that cotton is an important industry that employs hundreds of millions of people around the world and provides products touched by almost every person on the planet every day. He pointed out that some forms of government intervention have highly deleterious effects, and that government industrial policies that subsidize the production and use of synthetic fibers, and government agencies whose publications and programs disseminate falsehoods about cotton production practices, are doing great disservice to consumers and great harm to producers around the world.

Dr. Townsend highlighted the decrease of the market share of cotton in overall textile fiber consumption, which can only be understood in the context of polyester production in China. The 35-fold increase in polyester production in China in 25 years is the biggest single factor reducing demand for cotton today. The cost of construction of a polyester plant with a capacity of 250,000 tons per year is estimated at about US\$150 million. It has been widely reported that the national, provincial and local governments in China encourage industrial expansion through loans, made by government-owned banks, which are never repaid. The denial of agricultural technology by government agencies is contributing to the strangulation of the world cotton industry and the loss of competitiveness to polyester.

Dr. Townsend stressed out that the Partnership for Sustainable Textiles, an initiative being developed in Germany, is a current example of government action that reinforces campaigns of demonization against cotton, based on a presumption that biotechnology is wrong, that chemical use is harmful, and that fertilizers are dangerous. He noted that within the structure of the Partnership, a Working Group on Natural Fibres has developed a preliminary set of recommendations for adoption by the Partnership that would use moral suasion and public criticism to put pressure on German retailers to avoid sourcing consumer textile and apparel products made from cotton that is not produced under identity programs, such as organic, Fair Trade, Cotton Made in Africa or BCI. Cotton grown outside these programs, including almost all cotton produced in ICAC member countries, would face discrimination in the international trade by retailers sourcing products for sale in Germany, and eventually the entire European Union.

Dr. Townsend closed his presentation by commenting that to combat threats to cotton, the cotton industry, governments and countries with an interest in cotton must unite and advocate for government policies that do no harm, oppose subsidies to polyester production, and adopt and implement cutting edge technologies that produce increased yields at lower costs, in order to provide fiber to textile mills at prices competitive with polyester.

The delegate from BRAZIL asked whether was practical for the cotton industry to take further action at the WTO on the subsidies provided for the polyester sector especially in China, and if the German Textile Partnership could be implemented in other territories of the European Union. Mr. Townsend noted that under the preliminary recommendations developed by the Working Group on Natural Fibers, even cotton grown in Greece, Spain and Turkey would face discrimination in Germany. The danger of the Partnership for Sustainable Textiles is that a government agency is lending its credibility to the demonization of cotton, and this will hurt all cotton producers.

The delegate of TURKEY asked if the cotton sector should consider the German Textile Partnership as a potential threat and how it should be approach. Mr. Townsend commented that the threat was serious, since the partnership has announced the intention of encouraging retailers and all countries in the EU to source cotton only from certain origins that comply with the definition of sustainability.

The meeting was adjourn at 10:30 am