



75th Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

MINUTES

FIRST PLENARY SESSION (continued)

Statements

16:00 hr. Monday, October 31, 2016

Dr. Muhammed Ali Talpur, Director Marketing & Economic Research of the Pakistan Central, in the Chair

The delegate of MOZAMBIQUE stated that cotton is an important crop for his country's economy, which had been grown for decades and reached a record of 67,000 tons of lint in 2011/12. Despite recent diversification in Mozambique's economy and the emergence of other commodities, cotton remained the seventh-largest exported commodity and supports rural livelihoods and development by ensuring cash income for producers. The cotton sector in Mozambique is highly regulated and operates under a system of regional concessions whereby private companies are given exclusive rights to cotton produced in their region in exchange for the provision of inputs and extension services to farmers. Like many other countries, Mozambique's cotton sector was influenced by various factors including national policies, management and technical assistance provided to farmers, exchange rates, pests, diseases, climate risks and the dynamics of the international market. These stimuli resulted in frequent variations in national production, which has ranged from 25,000 tons to 35,000 tons in recent seasons, well-below the record achieved in 2011/12. Production is expected to decline to 30,000 tons in 2016/17 due to unfavorable weather conditions, farming inefficiencies and price volatility, all of which result in low prices paid to farmers. In order to minimize the impact of price volatility on the cotton sector, Mozambique is developing a price setting and stabilization mechanism to be implemented from April 2017. The delegate noted that this year's theme is timely, since the cotton sector faces challenges throughout its value chain and the sustainability of cotton will depend on the ability of partners along the value chain to cooperate rather than compete with each other. The delegate stated that the government is implementing a 10-year plan, the Cotton Value Chain Revival Program, to increase production, yield and local use. The delegate thanked ICAC for its help with the project of the Common Fund for Commodities to modernize its national cotton classification system by developing three laboratories that use high volume instrument testing.

The representative from the French Agricultural Research Centre for International Development (CIRAD), a French international research organization, noted that its research focus was on developing the sustainable production of crops, particularly cotton, in tropical and subtropical regions. The delegate focused on four activities undertaken by CIRAD to improve the cotton chain sustainability. The first is ITK AID-Coton which promotes exchanges on sustainable and competitive production practices and was implemented in Africa with the help of the African Cotton Association, a regional coordinating organization of agricultural researchers and a private sector company. The project enabled the introduction of the technique of transplanting and adaptation to African conditions of cotton that is in line with the indicators proposed by SEEP. The second activity is a diagnosis of cotton research in Africa in order to relaunch it and be better prepared to overcome the challenges of internationally competitive cotton production for food security. The third program that CIRAD participates in is the "4%" initiative, which works to increase organic matter content in soil in order to sequester carbon. The fourth activity is assisting cotton producers, primarily in Africa, to characterize cotton outputs, including fiber as well as seeds, by setting up regional technical

centers in Mali and Tanzania that will need sustained support to maintain operations and by helping cotton producers to take advantage of CIRAD's cotton gene bank.

The representative of the International Cotton Association (ICA) explained that the organization was the world arbitral body for cotton, whose bylaws and rules were applied to nearly all the international trade of cotton, and therefore was also responsible for the settlement of any disputes which might arise between buyers and sellers by arbitration. He noted that cotton prices have not fluctuated much this season, which has resulted in a healthier trading environment and a reduction in the number of disputes between buyers and sellers needing to be settled by arbitration. The representative remarked that the significant fluctuations in cotton prices continue to affect the cotton sector and many disputes from the 2010/11 time period remain unresolved because legal arbitration awards under the New York Convention, which had been signed by almost all governments, have not been honored. The representative encouraged governments to review the list compiled by ICA of defaulting companies for companies located in their respective countries and to insist that these companies comply with their obligations in order to ensure the continuity of cotton's important position in world fiber usage and halt the decline in its market share.