



PROCEEDINGS

57th Plenary Meeting of the
International Cotton
Advisory Committee

Santa Cruz, Bolivia
October, 1998

PROCES-VERBAL

57e Réunion Plénière du
Comité Consultatif
International du Coton

Santa Cruz, Bolivie
Octobre, 1998

ACTAS

57a Reunión Plenaria del
Comité Consultivo
Internacional del Algodón

Santa Cruz, Bolivia
Octubre, 1998

**PROCEEDINGS
OF THE
57TH PLENARY MEETING**



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Washington DC USA

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FOREWORD

At the invitation of the Government of Bolivia, the 57th Plenary Meeting of the International Cotton Advisory Committee was held in Santa Cruz, Bolivia, from October 12 to 16, 1998.

The International Cotton Advisory Committee is an association of governments having an interest in the production, export, import and consumption of cotton. It is an organization designed to promote cooperation in the solution of cotton problems, particularly those of international scope and significance.

The functions of the International Cotton Advisory Committee, as defined in the Rules and Regulations, are

- To observe and keep in close touch with developments affecting the world cotton situation
- To collect and disseminate complete, authentic, and timely statistics on world cotton production, trade, consumption, stocks and prices
- To suggest, as and when advisable, to the governments represented, any measures the Advisory Committee considers suitable and practicable for the furtherance of international collaboration directed towards developing and maintaining a sound world cotton economy
- To be the forum of international discussions on matters related to cotton prices

PREFACE

Sur l'invitation du Gouvernement du Bolivie, le Comité consultatif international du coton a tenu sa 57e Réunion plénière à Santa Cruz, Bolivie, du 12 au 16 octobre 1998.

Le Comité consultatif international du coton (CCIC) est une association de gouvernements ayant un intérêt dans la production, l'exportation, l'importation et la consommation de coton. C'est une organisation créée dans le but d'encourager la coopération pour la solution des problèmes relatifs au coton qui présentent un caractère international.

Les fonctions du Comité consultatif international du coton, telles que les définit le Règlement statutaire, sont les suivantes :

- Observer et suivre de près l'évolution de la situation mondiale dans la mesure où elle intéresse le coton.
- Réunir et publier des statistiques complètes, officielles et à jour sur la production, le commerce, la consommation, les stocks et les prix du coton dans le monde.
- Proposer, s'il en est besoin, aux Etats membres du CCIC, toutes mesures que ce dernier juge appropriées et réalisables pour renforcer la collaboration internationale afin de développer et de maintenir une économie mondiale du coton qui repose sur des bases saines.
- Etre le forum international pour toutes discussions relatives aux prix du coton

PROLOGO

Por invitación del Gobierno del Bolivia, la 57a Reunión Plenaria del Comité Consultivo Internacional del Algodón se celebró en Santa Cruz, Bolivia, del 12 al 16 de octubre de 1998.

El Comité Consultivo Internacional del Algodón es una asociación de gobiernos que se interesan en la producción, exportación, importación y consumo de algodón y tiene como finalidad promover la cooperación para solucionar los problemas algodoneiros, en particular los de alcance y significación internacional.

Las funciones del Comité Consultivo Internacional del Algodón, según se definen en el Reglamento son las siguientes:

- Observar el desarrollo que afecta la situación algodoneira internacional y mantenerse al corriente de la misma.
- Reunir información estadística completa, oportuna y auténtica sobre la producción, el comercio, las existencias y los precios mundiales del algodón y divulgar dicha información.
- Sugerir a los gobiernos representados, en la forma y oportunidad convenientes, cualquier medida que el Comité Consultivo estime adecuada y factible para el progreso de la colaboración internacional con la debida atención a la manutención y desarrollo de una economía mundial algodoneira sana.
- Ser el foro de discusiones internacionales en materias relacionadas con los precios del algodón.

MEMBER GOVERNMENTS

ETATS MEMBRES

GOBIERNOS MIEMBROS

Argentina
Australia
Azerbaijan
Belgium
Bolivia
Brazil
Burkina Faso
Cameroon
Chad
China (Taiwan)
Colombia
Côte d'Ivoire
Egypt
Finland

France
Germany
Greece
India
Iran
Israel
Italy
Japan
Republic of Korea
Mali
Netherlands
Pakistan
Paraguay
Philippines

Poland
Russia
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Spain
Sudan
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Syria
Tanzania
Turkey
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USA
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STATEMENT OF THE 57TH PLENARY MEETING

The International Cotton Advisory Committee, meeting in Santa Cruz de la Sierra, Bolivia, from October 12 to 16, 1998, in its 57th Plenary Session, approved the following statement:

1. The world cotton economy is affected by falling prices and weak demand. World production is expected to fall this season by more than one million tons (7%), and world consumption is likely to decline by 400,000 tons (2%). (See statistics at Annex I.) International cotton prices are the lowest in four years, and estimates by the Secretariat suggest that this season's average price may be 10% below the average of the last two decades, which is 74 US cents per pound. If present conditions continue, the current season will be the first since 1965/66 in which average cotton prices have fallen for four consecutive years. However, cotton prices are expected to remain above the prices established in the early 1990s when the breakup of the USSR disrupted established patterns of world cotton trade.
2. The world cotton yield has not risen since 1991/92, the first period of more than four years since the 1940s in which a new record has not been achieved. Specific problems are affecting cotton yields in some of the largest producing countries, including resistance to pesticides, disease, unfavorable weather and difficulties in providing inputs to producers. Because the world yield has not increased, with increases in input prices cotton is less profitable to produce.
3. Weak world economic growth is leading to lower demand for cotton. Cotton consumption was at record levels of 19.4 million tons in the last two seasons, but estimates of world economic growth in 1998, which have fallen from more than 4% to 2%, suggest a decline in world cotton use to less than 19 million tons is possible in 1998/99. The use of cotton by textile mills is falling in almost all regions.
4. World imports of cotton fell by 500,000 tons in 1997/98, and there may be a further reduction in the volume of world trade in the current season. A change in the trade policy of the largest cotton consuming country, China (Mainland), which will result in lower imports, combined with lower consumption in most importing countries, is causing the volume of world cotton imports to fall.
5. Given an environment of lower prices and static yields, many views were expressed on the need for, and means of, reducing the costs of producing cotton and of maintaining producer incomes. The Committee also heard reports of the experiences of a number of organizations in transferring technology which have led to substantial improvement in productive efficiency and profitability.
6. Cotton continued to lose competitiveness with other fibers in the last year, and it remains essential to maintain or improve cotton's market position. In following up their commitment to arrest the decline in cotton's market share, the member countries of the Committee reported on their efforts to increase yields, improve quality, reduce contamination and promote cotton as a fiber. Combined, these measures are expected to have a positive effect. The potential of genetically-modified organisms to assist cotton's competitiveness was also noted.
7. The Committee agreed to discuss at the next Plenary Meeting in 1999 the use of High Volume Instruments and other data for classifying each bale of cotton, in order to allow for determination of fiber characteristics.
8. A number of countries reported their concerns that direct and indirect subsidies, dumping and other unfair trade practices by some countries may be preventing them from fully exploiting their potential. These countries urged the elimination of these practices throughout the whole cotton production, processing and marketing chain. The Secretariat of the Committee was asked to document by June 30, 1999, for future use in discussions in the Committee, government measures affecting cotton production, ginning and trade in the cotton countries of the world.
9. The Committee considered the evolving nature of the cotton industry and the fundamental importance of the private sector in maintaining the health of the world cotton economy. In this regard, the necessity for closer cooperation between governments and the private sector as a whole was accepted. The countries agreed that the Standing Committee, after consulting member countries, should take suitable steps to form a private sector advisory panel to assist the Advisory Committee in its work. The need for increased communication between consumers and producers was also noted.
10. The Committee held a technical seminar to disseminate the findings of the World Cotton Research Conference-2, which was held in September 1998 in Athens, Greece, under the sponsorship of the Committee, Greek cotton organizations and other international organizations. The seminar also discussed the issue of cotton contamination, from the perspective of the cotton producer and ginner and the textile mill. New methods to measure the contamination of cotton with foreign matter were also presented. It was decided to hold the technical seminar in 1999 on the topic, Fiber Quality Needs of the Modern Spinning Industry, which includes advances in ginning research.
11. The Committee agreed unanimously to appoint Dr. Terry P. Townsend as its fifth Executive Director with effect from January 1, 1999. The Committee also expressed its warm gratitude to Dr. Lawrence Shaw for the services he had provided to the Committee during his 12 year term as the fourth Executive Director.
12. The 58th Plenary Meeting of the Committee will be held in Charleston, South Carolina, October 25 to 29, 1999, at the invitation of the government of the United States of America.

Annex I
SUPPLY AND DISTRIBUTION OF COTTON
16 October 1998

Years Beginning August 1

	1994	1995	1996	1997 Est.	1998 Proj.	1999 Proj.
Million Metric Tons						
BEGINNING STOCKS						
WORLD TOTAL	6.917	7.367	8.920	9.354	9.60	9.25
CHINA (MAINLAND)	2.102	2.788	3.715	4.002	4.20	3.28
USA	0.769	0.577	0.568	0.865	0.85	0.61
NET EXPORTERS	3.239	2.954	3.609	3.867	3.97	4.69
NET IMPORTERS 1/	3.677	4.413	5.312	5.487	5.63	4.56
PRODUCTION						
WORLD TOTAL	18.783	20.352	19.603	19.967	18.65	19.24
CHINA (MAINLAND)	4.342	4.768	4.203	4.602	4.10	4.10
USA	4.281	3.897	4.124	4.092	2.89	3.70
INDIA	2.355	2.885	3.024	2.605	3.00	3.00
PAKISTAN	1.478	1.801	1.594	1.556	1.70	1.62
UZBEKISTAN	1.248	1.254	1.062	1.139	1.10	1.10
TURKEY	0.628	0.851	0.784	0.832	0.80	0.81
OTHERS	4.451	4.895	4.812	5.142	5.05	4.91
CONSUMPTION						
WORLD TOTAL	18.401	18.576	19.378	19.361	18.95	19.38
CHINA (MAINLAND)	4.500	4.500	4.700	4.800	4.60	4.50
INDIA	2.279	2.576	2.864	2.750	2.70	2.85
EU, C. Eur. & TURKEY	2.316	2.312	2.476	2.587	2.48	2.53
USA	2.438	2.318	2.422	2.471	2.30	2.30
EAST ASIA & AUSTRALIA	2.160	2.160	2.085	1.908	1.86	1.88
PAKISTAN	1.508	1.540	1.524	1.523	1.55	1.60
BRAZIL	0.818	0.817	0.830	0.700	0.70	0.75
CIS	0.535	0.442	0.407	0.447	0.43	0.51
OTHERS	1.847	1.911	2.070	2.175	2.33	2.46
EXPORTS						
WORLD TOTAL	6.314	5.981	6.059	5.958	5.30	5.74
USA	2.047	1.671	1.495	1.633	0.90	1.24
UZBEKISTAN	1.250	0.940	1.042	1.050	0.94	0.95
FRANCOPHONE AFRICA	0.613	0.608	0.721	0.831	0.86	0.88
AUSTRALIA	0.293	0.308	0.519	0.600	0.61	0.59
ARGENTINA	0.208	0.266	0.290	0.220	0.24	0.22
GREECE	0.265	0.275	0.195	0.200	0.13	0.23
CHINA (MAINLAND)	0.040	0.005	0.002	0.006	0.52	0.25
IMPORTS						
WORLD TOTAL	6.475	5.817	6.145	5.635	5.30	5.74
EAST ASIA & AUSTRALIA	2.140	2.146	2.004	1.781	1.81	1.84
EU, C. Eur. & TURKEY	1.525	1.410	1.599	1.642	1.56	1.60
SOUTH AMERICA	0.471	0.510	0.633	0.471	0.48	0.57
CHINA (MAINLAND)	0.884	0.663	0.787	0.399	0.10	0.20
CIS	0.430	0.225	0.207	0.274	0.25	0.29
TRADE IMBALANCE 2/	0.161	-0.164	0.086	-0.323	0.00	0.00
STOCKS ADJUSTMENT 3/	-0.092	-0.058	0.123	-0.034	-0.05	-0.03
ENDING STOCKS						
WORLD TOTAL	7.367	8.920	9.354	9.603	9.25	9.07
CHINA (MAINLAND)	2.788	3.715	4.002	4.197	3.28	2.83
USA	0.577	0.568	0.865	0.846	0.61	0.78
NET EXPORTERS	2.954	3.609	3.867	3.973	4.69	5.29
NET IMPORTERS 1/	4.413	5.312	5.487	5.630	4.56	3.78
ENDING STOCKS/USE 4/	0.39	0.42	0.42	0.40	0.39	0.42
COTLOOK A INDEX 5/	94.30	85.61	78.60	72	67*	71*

1/ Includes Brazil, China (Mainland), Colombia, Greece, Mexico, Turkey and traditional imports
2/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports
3/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated
4/ World-less-China (Mainland) ending stocks minus China net exports, quantity divided by world-less-China consumption
5/ U.S. cents per pound. The estimates for 1998/99 and 1999/00 are based on China (Mainland) trade and world-less-China (Mainland) ending stocks to use. The estimate for 1994/95 is adjusted for quotes during June and July
* 95% confidence intervals extend 15 cents per pound above and below each point estimate

Inauguration

Monday, October 12, 1998, 9:30 am

The Master of Ceremonies noted that cotton area had expanded in Bolivia in the 1970s, declined in the 1980s and had increased to 50,000 ha in the 1990s. The National Anthem was played. The Master of Ceremonies introduced Mr. Rodolfo Greminger, President of ADEPA, the Asociación Nacional de Productores de Algodón.

Mr. Greminger welcomed participants in the 57th Plenary Meeting on behalf of ADEPA and thanked them for coming to Bolivia. He noted the significance of the day, October 12, as the anniversary of the coming together of the Americas and Europe, and wished participants a happy stay in Santa Cruz. He reported that Santa Cruz province is an agricultural center with 4.5 million hectares of arable land, of which 1.25 million hectares are suitable for cotton.

Mr. Greminger said the 50,000 hectares currently under production produced export revenues of \$135 million and provided jobs for 70,000 people. He said the 57th Plenary Meeting was a landmark for Bolivia in the implementation of ADEPA's five-year plan to expand cotton production to 200,000 hectares. He invited foreign investors to participate in the expansion of the cotton industry and pledged the non-discriminatory support of ADEPA to them, as well as the full support of Bolivian law. Mr. Greminger's address is a Statement of the Meeting.

The Master of Ceremonies invited Mr. Aluisio de Lima-Campos, Chair of the Standing Committee of the ICAC, to respond. Mr. Lima-Campos thanked the government and people of Bolivia for allowing the Committee to enjoy its hospitality and charm. He noted that a French explorer had called Bolivia a microcosm of the universe. He said Bolivia was also an economic microcosm, with its policies of liberalization leading to expansion of the economy toward a South American free trade area in 2000. Mr. Lima-Campos said agriculture had contributed to this growth and noted that cotton was a part of the success story. He said he was confident that ADEPA would continue to provide the leadership to fuel the expansion of cotton production in the next century. His address is a Statement of the Meeting.

The Master of Ceremonies introduced the Minister of Agriculture and Livestock, Mr. Oswaldo Antezana, to speak on behalf of the President of the Republic of Bolivia.

Mr. Antezana welcomed delegations to Bolivia on behalf of the national government and the President, Hugo Banzer, and wished them positive and fruitful work. He commented on the drastic changes which had taken place in the Bolivian economy in the last thirteen years, from an unstable country with 75% of industry state-owned to a stable and participatory democracy in which the government provided regulation of

private initiative. He noted that cotton was an alternative crop to coca in certain regions of Bolivia and stated the resolve of his country to eliminate coca production. He said that he expected that at the end of his government's administration agriculture would be transformed.

Cotton, he said, would be an important element in the transformation of agriculture. Government would, he noted, continue to promote research and the transfer of production technology and would continue work with CIRAD to develop suitable production technology and would seek international cooperation to prevent infestation of damaging pests. He said that at this time of world financial and economic crisis globalization should be handled carefully, globalizing prosperity and not misery. He said Bolivia was committed to move to a totally free market without tariffs and subsidies, but did not believe in economic Darwinism. Mr. Antezana said Bolivia was open to all persons attending the Meeting and urged participants to get to know the Bolivian people and to establish relationships. He congratulated ADEPA for their efforts to organize the 57th Plenary Meeting of the Committee. He wished all good work and officially opened the sessions of the Meeting. Mr. Antezana's address is a Statement of the Meeting.

Statements of the Meeting, which are an integral part of the full record of the Meeting, are published separately.

First Plenary Session

Monday, October 12, 1998, 11 am

Mr. Walter Núñez Rodríguez in the Chair

The CHAIR invited Mr. Aluisio de Lima-Campos to present the report of the Chair of the Standing Committee. Mr. Lima-Campos' report is a document of the Meeting. In delivering his report, Mr. Lima-Campos expressed his satisfaction at the large number of delegates of countries to the Standing Committee in Washington that were attending the Plenary Meeting. He said he felt sure that member countries would greatly benefit from their participation in the Meeting. In discussing the work of the Search Committee, which he also chaired, he noted that it had been very difficult because of the high quality of the candidates. In noting that the Standing Committee was reconsidering the priorities of the Committee with respect to Common Fund financed projects, Mr. Lima-Campos invited the governments represented, and especially the technicians in delegations, to contribute ideas regarding the issues which should be investigated

in these commodity development projects. His report is attached.

The CHAIR thanked Mr. Lima-Campos for his report and invited Dr. Lawrence Shaw to present his report as Executive Director of the Secretariat. The Executive Director's report is attached.

The delegate of EGYPT said he had carefully listened to the report and wished to express high appreciation for the work of the Secretariat, particularly in the follow-up of recommendations of Plenary Meetings and in providing reports, information and training for the members of the Committee. He noted that the Secretariat had been able to increase the quantity and quality of work, in spite of no increase in the staff. He also expressed the high appreciation of his delegation to the Chair of the Standing Committee for his direction during the past year and for his work to develop cooperation among the members of the Standing Committee and to achieve unanimity in decision making.

The delegate of ARGENTINA said he echoed the comments of the representative of Egypt, who, due to his presence in Washington, had the opportunity to observe the work of the Secretariat more closely. The delegate expressed appreciation to the government and people of Bolivia and Santa Cruz de la Sierra for their hospitality. He also wished to emphasize the meaning of today's date, October 12, as the celebration of the discovery of the Americas by Christopher Columbus, which he termed the beginning of what we call today globalization. He said that globalization should lead to a harmonious increase in each of the countries and in the world in total.

He quoted a recent comment by the President of the United States in respect to taking necessary measures to prevent the spread of the economic crisis in Latin America, that we have to give a human face to development. The delegate of Argentina said the crisis is also affecting cotton, because even though production has de-

clined the world is facing the lowest cotton prices in years, which he termed unreasonable considering the level of world stocks. The delegate also referred to the Mercosur agreement to create a common economic space in the region. He complimented the government of Bolivia and ADEPA for their efforts to expand cotton production. Mr. Pellegrino's remarks are a Statement of the Meeting.

The CHAIR asked delegations for their further comments on the reports.

The delegate of SOUTH AFRICA expressed his government's appreciation to the Bolivian government, the Ministry of Agriculture and ADEPA for their hospitality. He thanked the Standing Committee for its excellent work in the last year and for the competent way it conducted itself. He paid tribute to Dr. Lawrence Shaw for the excellent service he had given the organization, the full extent of which persons who had had twelve years of experience with ICAC could appreciate. He said that in his six years of experience, the Secretariat had produced more and better information at the same cost to members. He wished Dr. Shaw all the best in his future endeavors.

The delegate of SUDAN thanked the Ministry of Agriculture and ADEPA for their efforts in organizing the Meeting. He also wished to express appreciation to the Executive Director, Dr. Shaw, for the distinguished performance, high efficiency and wise direction he exhibited in the last twelve years. The delegate also thanked the Chair of the Standing Committee for his wise conduct in the past year.

The delegate of FRANCE joined other delegations in thanking the Government of Bolivia for serving as host to the Meeting and for the pleasure of meeting again in Latin America, a region which he said was closely tied culturally and in other ways to France. He expressed his delegation's deep gratitude and appreciation for the efforts of Lawrence Shaw. He particularly noted the continued support of the Committee for languages, despite the costs involved. Having the documents of the Committee in many languages allowed countries to examine issues in greater depth and opened the organization to increased contacts with emerging countries such as those in Francophone Africa that have just set new production records, he said. The delegate added his belief that these contacts had led to the increasing numbers of countries in the region who had become dynamic members of the ICAC.

The delegate of PAKISTAN thanked the Government of Bolivia for their care in greeting his delegation in the early hours of the morning and assisting its entry into the country. He thanked Dr. Shaw for the development of information on cotton using all the instruments of the modern world, such as the Internet. On behalf of his

government and the cotton institutions of Pakistan, he expressed appreciation for his efforts.

The delegate of INDIA thanked the Government of Bolivia and the Ministry of Agriculture for their warm hospitality, noting that the country seemed like a second home. He said he was new to the organization and textiles but had been informed by his colleagues of their high regard for Dr. Shaw and recognition of the work that he had done to make the ICAC what it is today. He offered best wishes to him in his retirement.

The CHAIR adjourned the First Plenary Session at 12:15 pm.

ATTACHMENTS

Report of the Chairman of the Standing Committee

**Aluisio de Lima-Campos
Brazil**

It is a pleasure for me, Mr. Chairman, to be in Bolivia. Bolivia is a relatively new member of the International Cotton Advisory Committee, having joined forces in support of cotton with its Mercosur partners and other countries in 1995. Cotton production has doubled in recent years in Bolivia, and the ICAC Secretariat expects it to double again in the next few years. Therefore this country is one of the most vibrant parts of the cotton world. On behalf of the other member countries of the Committee, I would like to thank the Government of Bolivia and its representative, the Asociación Nacional de Productores de Algodón, for their invitation to host the 57th Meeting of the Committee.

I would like also to extend thanks to the representatives of the member countries of the Committee who have traveled long distances to come to this meeting so that we can discuss the problems of the cotton world. My thanks also to the delegations of those countries which recognized the value of bringing to this Meeting their representatives at the Standing Committee. I am sure your delegation will benefit as much as this Meeting will from their advice and assistance.

The Committee was established on the basis that cotton problems can be solved if we communicate and figure out the reasonable and practicable way to proceed. It is in that spirit that we meet today.

I would also like to welcome the observers attending this meeting. The Committee has as a part of its charter the willingness to cooperate with all organizations, both public and private, with an interest in cotton. I would especially like to encourage those governments, attending this meeting as observers in order to consider membership in the ICAC, to join in our work.

It is the responsibility of the Chairman of the Standing Committee to report on the activities of the Standing Committee in the period since the 56th Plenary Meeting, which ended on October 31, 1997, in Asunción, Paraguay. The Standing Committee met seven times since the end of October last year.

In these meetings, the Standing Committee considered developments in the world cotton situation, hearing reports from the Secretariat and from member countries on news from their cotton sectors. The ICAC, both in Plenary Meetings and in the Standing Committee, is a forum for discussion of cotton matters and I urge each delegation to be in touch with its representative in Washington so that the same discourse which occurs at these annual sessions can continue during the year. The Standing Committee also reviewed matters considered at the 56th Plenary Meeting, specifically steps that were being taken to arrest the decline in cotton's share of market and the status of efforts to reinstate the FAO Survey of Apparel Fiber Consumption, a crucial tool in gauging the market for cotton.

As usual, the Standing Committee addressed a number of regular administrative matters during the course of the year. These matters included approval of audit reports of the Committee's finances; the appointment of Research Associates, 26 researchers who participated in the World Cotton Research Conference-2 with the assistance of the program; adopted an Agenda and timetable for this Meeting; and approved a budget and scale of assessments for the coming year.

In addition, the Standing Committee accepted with pleasure the invitation of the Government of the USA and its cotton industry to host the 1999 Plenary Meeting. Therefore at present the Committee has invitations to hold the Plenary Meeting in 1999, 2000, 2001 and 2002.

The Standing Committee addressed a number of administrative matters which were raised by the 56th Plenary Meeting. An amendment to the Rules and Regulations regarding the position of the Chair of the Standing Committee at Plenary Meetings was drafted. In addition, the Standing Committee adopted a proposal from Australia to establish each year an ad hoc budget subcommittee to consider the plan of expenditures outside the confines of the Standing Committee. In establishing this plan of action, it was not the intention of the Standing Committee to micromanage the affairs of the Secretariat but rather to give guidance to the Executive Director in a fashion which would streamline the annual consideration of the budget. The Standing Committee also agreed to hold a meeting of the Standing Committee four weeks after the Plenary Meeting and to review audit procedures.

The Standing Committee also considered a proposal from Argentina to create a "non-voting" category of government membership and reviewed cost savings which might accrue from

moving the headquarters of the organization to another country.

Subcommittees were also established to consider matters resulting from the separation of the current Executive Director and the appointment of a successor. As instructed by the 56th Plenary Meeting, a Search Committee for a New Executive Director was formed in January. The Search Committee placed advertising for the position and received applications up to the end of March. The deadline for applications was extended because of the late placement of advertising. From the 67 applications received by the deadline, 11 candidates were selected for interviews, four candidates from outside Washington, in accord with the limits placed on the Search Committee by the 56th Plenary Meeting, and seven candidates who were physically present in Washington. After the interviews, a short list of four candidates was investigated more thoroughly and a recommendation made to the Standing Committee on August 25. The Standing Committee agreed to forward this recommendation to this Meeting for consideration on Wednesday's meeting of the Steering Committee.

The ten countries represented on the Search Committee worked long and hard to present a candidate for the next Executive Director who will have the right qualifications to lead the ICAC into the 21st Century.

Furthermore, at the request of the Government of Belgium, the Standing Committee created a working group to review the severance arrangements for the current Executive Director. This working group decided to hire legal counsel to assist it in the task. The report which was made in September will also be used as a guide in negotiating a contract for the new Executive Director.

It is also my responsibility to report to the Advisory Committee on the relationship between the ICAC and the Common Fund for Commodities. At the 50th Plenary Meeting in Montpellier, France, the Advisory Committee instructed the Standing Committee to keep it informed of the evolving nature of this relationship as projects are proposed for financing to the Common Fund.

The Common Fund is currently financing five projects which have been sponsored by the International Cotton Advisory Committee. All these projects had been approved at the time of the 56th Plenary Meeting. The Standing Committee did not sponsor any additional projects in 1998.

Four of the projects are grant financed, with substantial contributions from the countries involved. In general, the Common Fund does not want to supply more than 40% of the funds for a project. The fifth project is a combination of grant and loan finance. Increasingly, the Common Fund is interested in projects which can be financed by loans.

In 1998, the Secretariat received and reviewed two projects submitted by research organizations, with the assistance of the advice of the Common Fund Secretariat. Both projects were to be 100% grant financed and were not suitable for loan financing. In addition, the projects did not meet other requirements of the Fund, and they have been returned to the research institutes involved for revision, before submitting them to the Standing Committee.

The Standing Committee has also begun a process of reviewing the ICAC's priorities for Common Fund financed projects. The list of priorities currently in effect was established in 1994. Approximately 3% of the Standing Committee's time was devoted to this review in 1998. Secretariat costs in its supervisory role in Common Fund projects in 1997/98 are estimated at US\$11,000, including \$1,700 in travel expenses, \$9,000 in staff time, and \$300 in handling documents. These expenses were less than one percent of the budget of the ICAC.

In closing, I would like to express my appreciation for the support which other delegates to the Standing Committee have given me during my term of office. I would like to thank especially Mr. Alaa Eldin Shalaby of Egypt and Mr. Paul Morris of Australia, who served as First Vice Chair and Second Vice Chair, respectively, during my term of office.

Last but not least, my sincere thanks to the Executive Director, Dr. Lawrence Shaw, for his most efficient and knowledgeable assistance during my tenure and to all the staff of the ICAC whose support significantly facilitated the performance of my duties.

Report of the Executive Director

Lawrence H. Shaw

It is my duty to report to you on the activities of the Secretariat of the Committee since the 56th Meeting in Asunción.

The Secretariat has been actively involved in the last year in carrying out the mandate of the Committee to observe the world cotton situation and to collect and disseminate information to guide member countries as they strive toward developing and maintaining a sound world cotton economy.

The Economics and Statistics staff, under the leadership of Terry Townsend, has kept the world cotton situation under daily review, updating our estimates of production, consumption, trade, stocks and prices. Now member countries, using the Internet, can directly access the changes each day, as well as our monthly assessments. Print versions of our Reviews continue to be available on a bimonthly basis, as well as the

World Statistics publication made available for this Meeting. Complete historical statistics are published on CD-ROM, as well as on the Internet.

Carlos Valderrama has prepared another revision of the publication *World Textile Demand* for this meeting. With the changes taking place in the world economy, Carlos has had his work cut out for him in trying to assess the impact of economic changes on world textile fiber and, ultimately, cotton consumption. It has been our fundamental belief that one cannot gauge the demand for cotton looking at cotton alone. One must first consider the world economy and the total demand for textile products. Once these parameters are determined, cotton consumption can be estimated.

One of the elements of the cotton economy that brings people together in this room today is trade. Andrei Guitchounts has continued to make regular bimonthly assessments of export prospects and has published his views of the current state of world cotton trade again for the Meeting.

As you hear our reports on demand, supply and trade later today, you will realize that technical developments in the cotton industry probably are the key to the future of cotton. World cotton yields have not increased this decade, the first such period of no increase in yields which can be documented. The importance of yield improvement to the health of the cotton economy was recognized officially in 1960. In 1980, the Committee decided to add a Technical Information Section to the Secretariat staff. Rafiq Chaudhry is in charge of this work.

The Technical Information Section, with the sponsorship of Greek cotton organizations and other institutions interested in cotton research, held the second World Cotton Research Conference in Athens a month ago. Over 500 persons participated in the Conference, which allowed researchers from around the world to share their knowledge for the betterment of cotton. Summaries of the main papers presented at the WCRC-2 will be given at this Meeting's Technical Seminar later this week, for the benefit of those who were not able to participate.

The Technical Information Section consults with member countries regarding technical matters during the year and publishes articles and reviews of developments in cotton production research. In addition, the Section had responsibility this year for two significant publications, one, an update of the ICAC survey on the cost of producing cotton and, two, a survey of cotton classification practices.

The work of the Secretariat could not go on without the persons who labor behind the scenes. Fred Arriola, who has just completed his 20th year of service for the Committee, wears several hats as he manages the ICAC office, makes arrangements for meetings and keeps the

Committee's financial records as Administrative Officer. John Mulligan, Manager of Management Information, keeps the Secretariat "wired." Managing an Internet presence, email and fax communications and the needs of the staff for word processing, statistical and graphical tools is another Secretariat position that is more than a one-person job.

Rosa Soper manages the preparation of our English publications and supports the operation of the Standing Committee. Patricia Buignet manages the French language publications and serves as Publications Sales Manager. Carmen Leon manages the Spanish language publications and serves as Survey Manager. Fred and John aren't the only people wearing many hats at the ICAC Secretariat.

Together we have tried to bring the maximum amount of information to member countries in a cost-effective manner. Given the desire of member countries to keep the budgets of international organizations constant, it has not always been an easy job. But we have tried our best.

It is also my pleasure to give you my views of the state of the world cotton economy as I leave your service as Executive Director. Unfortunately, the outlook is not as rosy as it was last year.

A year ago I commented that the rapid growth in the world economy was having a very positive impact on the demand for all textile fibers. World GDP grew 4% in 1996 and, according to the International Monetary Fund, the economy grew again at 4% as expected in 1997. As a result the average gains in textile fiber demand in 1996 and 1997 were 5%.

However, the financial crisis in South East Asia, which was already well underway at the time of the 56th Plenary Meeting and which deepened subsequently, is currently expected to cut a percentage point off of world growth in 1998. In addition, little or no growth is occurring in the Japanese economy and we now risk returning to negative economic growth in Russia. Negative growth in Eastern Europe and the countries of the former Soviet Union was a substantial drag on the world economy in the early 1990s.

Thus the boost that rapid economic growth was providing for the textile sector of the economy appears to have ended. We now expect the demand for textile products to rise only 1 percent in both 1998 and 1999.

Reduced growth in the world economy and slow growth in textile demand are negative factors for cotton, especially as cotton is currently facing severe competition with synthetic fibers. World cotton use is not expected to increase in either the 1998/99 or 1999/2000 seasons.

Despite the softening in cotton demand, the cotton supply/demand balance has been kept in check. Stocks outside China (Mainland) at the

end of this season are likely to be considerably tighter than foreseen a year ago. However, the possibility that I commented on a year ago that China would switch from an importer of cotton to an exporter has become a reality, with a very significant impact on cotton prices. The Cotlook A Index is now forecast to be 10 cents a pound lower this season and next as Chinese stocks are reduced.

I wish that I could be more positive about cotton. Anyone who has spent twelve years in a job would like to say that he leaves the industry in a stronger position than he found it.

In a way, the industry is stronger. World cotton production and consumption averaged around 18.5 million tons in the last 12 years, compared with 14.5 million tons in the previous 12. World cotton trade has averaged 6 million tons compared with 4 million tons in the earlier 12 years. World cotton stocks have averaged around 43% of use in the last 12 years, compared to 46% in the earlier twelve years; thus production and consumption have been in better balance.

But cotton has missed out on a major portion of the growth in textile markets. Total world textile fiber demand grew 10 million tons in the same period, with fibers other than cotton capturing 60% of the growth.

As a result cotton's share of the textile fiber market in 1997 was just 43%. In 1987 it was 50%.

Based on current trends we still see world cotton production and consumption continuing to grow after 1999, to around 20.5 million tons by 2005, but cotton's share of market will likely be only 40% in 2005. Given the expected 51 million-ton market for textile fibers in 2005, cotton consumption could have been 5 million tons or 25% larger if the competitive losses hadn't occurred.

Polyester is selling in some countries for as little as 37 US cents a pound or about half the price of cotton. It is therefore especially difficult to compete on price alone at this moment. Competing on non-price grounds would be easier if there were some organization out there singing the praises of cotton on a worldwide basis. The Secretariat, on the authority of the directive given at the 56th Plenary Meeting, is ready to work with any private sector group which can be organized for this purpose.

Cotton demand has been strongest in North America, where the US industry does have a promotion program. Cotton demand has been weakest in developing countries, where there is almost no promotional activity and where cotton's share has dropped twice as fast, from 60% in 1987 to 45% in 1997.

What can be done to stop the declines?

The Secretariat identified a number of factors possibly responsible for cotton's loss of mar-

kets in the last two years. The 56th Plenary Meeting pinpointed a number of steps which the cotton industries in member countries can take to arrest the decline. Tomorrow we will have the opportunity to hear reports on what member countries are doing to protect cotton's market.

The price difference between cotton and polyester is likely to be a key factor in the competition for textile fiber markets in the next several years. Polyester seems to be selling at prices which are significantly below the cost of production, due to disruptions in Asian markets and over-expansion of capacity. Eventually, polyester prices will rise to the cost of production. But that cost may still be below the cost of producing cotton.

What can be done to reduce the cost of cotton production?

Boosting yields is a surefire method. Cotton yields last peaked seven years ago. Yields certainly fluctuate with weather conditions, but there hasn't been a period in the last 50 years this long without some yield increase. Given the current stagnation in yields, the Secretariat currently sees no yield improvement on the horizon in the next ten years.

Speakers tomorrow will address what can be done to disseminate techniques and knowledge to boost productivity and reduce cost. The Committee's Technical Information Section can play a role. The Committee has recognized the need for the highest possible yields to allow cotton to compete with synthetic fibers. The Committee has encouraged the exchange of ideas among researchers through regional meetings—the last of which took place this past December in Argentina—world research conferences, publications and the Technical Seminar that is a regular part of Plenary Meeting. Perhaps we can do more.

For the final time, I would like to thank the many persons in public and private organizations around the world who have supported me in my efforts to contribute to the health of the world cotton economy. My work and the Secretariat's during the last 12 years would not have been productive had we not had the active cooperation of cotton people around the world.

I hope that you will consider carefully the recommendation for greater private sector participation in the Committee's work, which has been prepared by a small group working under the direction of the 55th Plenary Meeting. I have benefited greatly from the guidance and assistance which I have received from cotton producers, ginners, merchants and textile mills and a more formal role for the private sector in the organization would be a productive step.

I am sure that the successor you appoint later this week will be able to work with you in a productive and efficient way to keep the Secre-

tariat the relevant and viable organization that it has become. The task will be great in the years ahead and he will need your full support.

Again many thanks to all of you for the privilege of serving as your Executive Director for

the last twelve years. I wish you and cotton well in the years to come.

Second Plenary Session

Monday, October 12, 1998, 2:15 pm

Mr. Walter Núñez Rodríguez in the Chair

The CHAIR called the meeting to order and invited Mr. Carlos Valderrama to present a report on world textile demand. Mr. Valderrama stated that one of the most critical developments in the last year-and-a-half had been the financial crisis in various parts of the world. He said this crisis resulted in bankruptcies, devaluation and lower GDP growth. He further reported that last October the International Monetary Fund forecasted that the world economy will grow at a rate of 4.3% in 1998 but the Fund lowered its estimate to 3% in May and to only 2% in September. Mr. Valderrama stated that the financial crisis affected many economies and, referring to Latin America, he stated that growth in GDP for 1998 had been revised to 1.8% from 4.5% in October 1997. Referring to other effects of the financial crisis, Mr. Valderrama stated that commodity prices were affected and agriculture commodity prices fell by 20%. Regarding textile demand, Mr. Valderrama said that, in 1997, we had expected that it would increase 2.8% in 1998, but now the estimate is less than 1%. He said the ICAC textile fiber price index dropped by 14% in 1996 and 7% in 1997 and was expected to decline by 14% in 1998. World textile demand stood at 44.9 million tons in 1997, he noted, but was expected to increase by only 400,000 in 1998. On the end use level, Mr. Valderrama stated that consumption of cotton increased by 2% in 1997 to 19.4 millions tons, but the growth in noncotton fiber use was four times higher, thus further affecting the share of cotton in total fiber consumption. He said cotton's market share is expected to decline to 42.4% in 1999. He reported that the financial crisis had also affected chemical fiber consumption, particularly in the East European and CIS countries. Referring to the recent meetings of the World Bank and IMF and proposals for supervision of international flows of capital and default support in special cases by international institutions, Mr. Valderrama observed that these proposals did not seem to have a calming effect on the financial market. His report, *World Textile Demand*, is a document of the Meeting.

The CHAIRMAN invited questions, and, in their absence, he invited Dr. Terry Townsend of the Secretariat to make a presentation on cotton supply.

Dr. Townsend stated that the 21 million tons of cotton produced in 1991/92 was still a record. He said it was expected that total production

stand at 19 million tons in the current season, with almost all the decline coming from lower production in China (Mainland) and the USA. Dr. Townsend referred to policies of the Chinese government to export carryover stocks and stated that the switch from imports to exports could lower international prices by 10-20 cents per pound. According to Dr. Townsend, cotton production has been affected by various problems in the largest cotton producing countries and, consequently, world cotton yields were not increasing anymore. He said the highest yield of 600 kg/ha was achieved in 1991/92 and, since the Second World War, it was the first time that cotton yields had not increased consecutively for five years. Dr. Townsend observed that, due to lower world production, ending stocks outside China (Mainland) were going to be lower at the end of 1998/99. He noted Uzbekistan may again export close to one million tons in 1998/99 but due to lower production in the USA may emerge as the largest exporter of cotton in the world. Regarding cotton supply by type, Dr. Townsend reported the following: The supply of extrafine production has fallen to 3%, as opposed to 5% in the early 1980s; medium and high-medium staples constitute about half of world production; cotton for coarse yarns is about one third of the world total supply while waste/padding is 5%, the same as 15 years ago. He said, according to price quotations by *Cotton Outlook*, the A Index price has been 10%, 5% and 2% higher than the B Index in the early 1980s, early 1990s and 1997/98, respectively; currently there is no quote for the B Index, indicating a price difference of zero over the A Index. In conclusion, Dr. Townsend stated that because of weak demand, economic crisis concerns and the effect of trade of China (Mainland), world cotton prices are expected to remain below 70 US cents. His report, *The Outlook for Cotton Supply in 1998/99*, is a document of the Meeting.

The CHAIR invited questions and recognized the delegate of ARGENTINA. The delegate appreciated the details on trade from China (Mainland) and its impact on world trade, but wanted to know about the direct or indirect subsidies provided to cotton production and marketing as well as to the textile industry in various countries. Dr. Townsend replied that the European Union provided Greece and Spain with a subsidy on cotton production of 60 cents per pound and that in the US there was an income payment of 8 cents per pound in 1998 that was fixed regardless of production. He said that in the USA

an additional marketing payment was also provided, under Step 2, for narrowing the difference between the world price and US price. In Mexico, he said, an income payment is provided in the PROCAMPO program at the rate of 8 cents per pound, while in Turkey a guaranteed price provides a subsidy from the government, largely dependent on the exchange rate.

As there were no more questions, the CHAIR invited Mr. Andrei Guitchounts of the Secretariat to present a report on world cotton trade. Mr. Guitchounts stated that in 1997/98 world cotton trade declined by 500,000 tons over the previous season and that the main reason was lower imports by China (Mainland). However, he said lower demand in East Asia was compensated by higher consumption in Mexico, Turkey and Eastern Europe. Mr. Guitchounts also reviewed the policies of China (Mainland) to lower prices paid to farmers to provide cheaper cotton to textile mills, with the objective of reducing imports. He reported that in 1998/99, the US share of world exports would decline to 16%, the lowest since 1985/86, with two-thirds of expected exports for 1998/99 committed by the end of September. Referring to Step 2, Mr. Guitchounts said that Step 2 payments are limited to US\$701 million from 1996 through 2002, with US\$400 million already utilized. He said Step 2 payments may run out and the US could import cotton from China (Mainland). He said he expected that Uzbekistan would maintain its normal share of 17% of world exports. Mr. Guitchounts mentioned that the recent changes in the export routes in Uzbekistan may make exports more efficient. He also reported the following: Exports from Francophone Africa are growing and may comprise 15% of the world trade in 1998/99; cotton consumption in Turkey is increasing and stands at 6% of the world use and has doubled from 1991 to 1997; the economic crisis in Russia will lower consumption by 20% in 1998/99, while the textile industry used only 15-20% of the capacity in 1997; stocks in Egypt have been rising since 1996 and were equivalent to 8 months of use at the end of 1997/98, and it is expected that exports from Egypt may reach 100,000 tons during 1998/99. In concluding, Mr. Guitchounts wished that next year he could report that world trade is expanding. His report, *World Cotton Trade*, is a document of the Meeting.

The CHAIR recognized the delegate of ARGENTINA who asked for permission to comment on matters raised in the papers presented by the Secretariat earlier in the session. The CHAIR

asked the delegate to proceed with his comments. The delegate noted that the Secretariat reports on the demand, supply and trade of cotton raised issues related to certain government policies that were having a negative impact on the cotton economy. The delegate noted that some countries provided direct and indirect subsidies to cotton production and trade, and that other countries implemented non-tariff trade barriers. According to the delegate, these policies were disruptive to a healthy world cotton economy and had negative social consequences. The delegate noted that Argentina has eliminated all subsidies for production and consumption of cotton, but that the European Union and the USA still offered production subsidies. The delegate noted that the USA proceeded in a transparent manner in the implementation of its agricultural programs, and so it was possible to understand the purpose and nature of US market interventions. Nevertheless, the delegate stated that the Step 2 component of the US program provided an indirect subsidy to exports and domestic use, even though the payments were legal under GATT rules. The delegate noted that payments by the US government to the cotton industry had totaled more than \$400 million between July 1997 and February 1998. The delegate asked that the issue of subsidies be analyzed during this Meeting and that a paragraph in the Statement of the Meeting deal with this issue. His remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of EGYPT who reported on the progress Egypt has had in implementing a liberalization program begun in 1994. The delegate noted the following: The phasing in of the minimum guaranteed prices during 1997/98 had led to a reduction of planted area that season, but that area devoted to certain varieties of cotton had increased in accordance with market demand. In 1998/99, another decrease in cotton area had occurred. Farmers are now being paid according to the equivalent export prices prevailing for each variety. The current government policy is that there will be no price minimums; that farmers will receive prices derived from export prices; that pest management costs will be borne by farmers; and that all private and public companies may participate in the purchase and sale of cotton. The delegate reported that textile mills are also experiencing policies of liberalization and that they are allowed to import medium and coarse count cotton to produce lower-cost yarns. The delegate also reported that Egypt is establishing a credible policy to sustain a larger share of international trade. The delegate said Egypt agrees that a combined effort with other countries to enhance production efficiency and to reduce the cost of cotton production is needed. Egypt's country report is a Statement of the Meeting.

The CHAIR recognized the delegate of INDIA who noted that his country's cotton report had already been distributed to all delegates. The

delegate noted that India had more than one-fourth of world cotton area and was the third largest cotton producer. He added the following: Cotton is the most important textile fiber in India, accounting for 66% of fiber mill use and serving as the basis for Indian textile exports. Mill use of cotton in India increased at an average annual rate of 6.4% during the past five years, but consumption fell 3% in 1997/98. India has a policy of maintaining a consistent presence in the world export market, and exports of 85,000 tons have been announced for 1998/99. Production in 1998/99 is estimated at three million tons, an increase of 400,000 tons over 1997/98. Because of the increase in output, domestic prices were expected to decline somewhat. However, the increase in production would alleviate strains placed on spinners by the higher prices that prevailed in 1997/98. The Government of India is in the process of launching a technology mission on cotton designed to raise production to 3.73 million tons within five years by boosting yields from 300 kilograms per hectare to 415 kilograms per hectare. Trading in cotton futures should be operational shortly. The delegate noted that there is a need for better technology transfer, such as crop estimation technology using satellite technology. India's country report is a Statement of the Meeting.

The CHAIR recognized the delegate of BOLIVIA. The delegate said that a country report had been distributed to all delegates. He reported that after the collapse of the cotton sector in the late 1970s, the industry began to revive in the late 1980s. He added the following comments: By 1989/90, Bolivia planted 1,215 hectares of cotton. Planting seed used in Bolivia is produced in the USA, Argentina and Bolivia. There is a need for an overall plan for the use of agricultural chemicals in cotton production. While Bolivia enjoys good agronomic potential for increased cotton production, there is a need for additional investment in roads and other infrastructure, as well as in research. Bolivia has 15 gins, and ginning capacity has increased. Bolivia exports cotton to Peru, Brazil and Chile; cotton marketing is conducted by ADEPA. At present, there is strong demand for cotton and cotton seed from Bolivia. Bolivia's country report is a Statement of the Meeting.

The CHAIR recognized the delegate of ZIMBABWE. The delegate noted that cotton is the second largest agricultural export product for Zimbabwe and that it provided employment for 700,000 people. The delegate acknowledged the support for cotton research being provided by the EU. He made the following comments: Zimbabwe is trying to reduce the number of varieties planted. The red spider mite reduced yields in Zimbabwe by up to 40%. The cotton industry in Zimbabwe is dominated by the private sector. There are three major players, The Cotton Company of Zimbabwe, Cargill and Cotpro. Competition among the three companies is fierce

for the purchase of seed cotton from growers, a factor that is benefiting farmers. However, high domestic interest rates and low international prices are among the problems facing growers. There are twelve gins in the country with a capacity to handle 375,000 tons of seed cotton, one-third greater than current production. 50% of Zimbabwe exports go to Europe, 20% to the Far East and 20% to South Africa. When the problem of land distribution is solved, cotton area will increase. The delegate also noted that Zimbabwe looks forward to hosting the Plenary Meeting in 2001 and invited all participants to come. His country's cotton report is a Statement of the Meeting.

The CHAIR recognized the delegate of the PHILIPPINES. He made the following report: The Philippines is placing additional emphasis on raising the profitability of cotton growing. Cooperatives are being given assistance in the provinces suitable for cotton. An organization known as CODA was created earlier this year to provide extension, research and industry support to cotton producers. The target for 1998 is to double planted area to 5,000 hectares, which, at average yields, would supply 4% of domestic demand. The Philippines' country report is a Statement of the Meeting.

The CHAIR recognized the delegate of SUDAN who summarized his country's report, distributed to all delegates, as follows: Cotton is the cornerstone of the economy of Sudan, and the government is giving the industry the full attention necessary. The policy of economic liberalization, which began in 1993, is placing new burdens on growers. Farmers must now provide their own financing. The government is working to reduce the cost of production for farmers. The government is lowering taxes on cotton exports from 8% to 5%, reducing the fees charged on production inputs, and will begin using an average free market exchange rate to calculate returns to growers from exports. In addition, the government plans to privatize the ginning industry. Because of excess rainfall in 1998/99, production will be reduced by 20% compared with last season's. Sudan's country report is a Statement of the Meeting.

The CHAIR recognized the delegate of ARGENTINA who said that a detailed country report had been distributed to all delegates. The delegate pointed out that Argentina had fully liberalized its trade policies, and imports of textile products had risen from \$200 million in 1991 to \$860 million in 1997. He said Argentina, as a member of the CAIRNS Group and a participant in the Uruguay round of GATT, remained concerned about the existence of subsidies, dumping and para-tariff measures to distort production and trade in cotton. Argentina's country report is a Statement of the Meeting.

The CHAIR recognized the delegate of TANZANIA who thanked the government and people

of Bolivia for their hospitality in hosting the Plenary Meeting. The delegate also thanked the ICAC Secretariat for the quality of material prepared for the meeting. The delegate commended Dr. Shaw for assisting small producing countries and hoped that his successor will follow in his footsteps in this regard. The delegate said that a country report had been distributed, which he summarized as follows: Production in 1997/98 fell to 45,000 tons from 66,000 in 1996/97 because of poor weather combined with difficulty obtaining credit and low input application. Domestic mill use is estimated at 9,000 tons, with little likelihood of an increase soon because the textile industry is also experiencing the effects of liberalization policies. There are 52 gins in Tanzania, and with favorable prices production could increase to more than 70,000 tons in 1998/99. The private industry in Tanzania now has complete control over cotton research. This represents a step forward from the previous centrally controlled production sector. The delegate extended an invitation to investors to come to Tanzania to evaluate the potential of partially developed cotton production areas. His remarks and country's report are Statements of the Meeting.

The CHAIR recognized the delegate of PAKISTAN who said that cotton remains the most important cash crop in Pakistan, providing the basis for products comprising 60% of foreign exchange earnings. He made the following report: The cotton industry provides employment to millions of people. Pakistan experienced a production crisis after 1992, but research gains were gradually leading to a recovery and production in 1997/98 reached more than 1.5 million tons. For 1998/99, the target for planted area was achieved, and production of nearly 1.8 million tons is expected. Pakistan has a policy of free cotton trade, and in 1998/99 exports of 120,000 tons have been approved. A program to develop contamination-free cotton has begun, and production of 85,000 tons is planned for 1998/99. The delegate acknowledged the help of the ICAC and the Common Fund for Commodities in providing support for research to combat the leaf curl virus. No subsidies are given at any level of cotton production. Pakistan's country report is a Statement of the Meeting.

The CHAIR recognized the delegate of JAPAN who noted that a country report had been distributed, which he summarized as follows: Economic growth in 1997 was just 0.9%. Production of spun yarns fell 9% in 1997, and imports of cotton products fell 9%. Domestic demand for cotton dropped 7%. The number of spindles fell to less than four million in 1997, and imports of cotton fell 10% to 293,000 tons. Consumption is expected to decline an additional 6% in 1998. The cotton industry in Japan has long been concerned about the problems of contamination, foreign matter and country damage. In order to preserve cotton's place in the world

economy, it is necessary to improve the quality of cotton through joint efforts of producers and consuming countries. Japan's country report is a Statement of the Meeting.

The CHAIR recognized the delegate of CHINA (TAIWAN) who thanked the government and people of Bolivia, the Ministry of Agriculture and Livestock and ADEPA for their hospitality in hosting the Plenary Meeting. The delegate extended his thanks to Mr. Lima-Campos for the successful completion of many tasks as Chairman of the Standing Committee and thanked Dr. Shaw and the Secretariat for their help in understanding the world cotton situation. His country's report was distributed to delegates. The delegate added that China (Taiwan) is also feeling the effects of the currency crisis in East Asia, as economic growth has slowed and exports of many products, including textiles, have been reduced. His remarks and country's report are Statements of the Meeting.

The CHAIR recognized the delegate of COLOMBIA who thanked the government and people of Bolivia for their warm hospitality. The delegate said that Dr. Shaw would be able to retire with the confidence that he had fulfilled his duties as Executive Director. The delegate supported the statement of Argentina regarding the need to discuss the impacts of trade-distorting subsidies in the cotton industry. The delegate noted that the WTO envisions continued efforts to reduce subsidies and trade barriers. According to the delegate, there are still huge distortions in agricultural trade that benefit some countries. He said Colombia opened its economy to imports in the early 1990s, and cotton area and production have fallen 75% partially as a result of unequal competition. The delegate said that the Plenary Meeting and the Standing Committee should consider this matter in view of the commitments of many countries to reduce barriers to agricultural trade. His remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of UZBEKISTAN who thanked the Government of Bolivia for hosting the Plenary Meeting. He made the following comments: Since 1991, Uzbekistan has followed a revised strategy of reducing the area devoted to cotton while enhancing productivity to maintain production. Cotton is very important to the economy of Uzbekistan. The government is encouraging a shift toward processing cotton fiber. The cotton industry uses 170,000 tons of fiber per year and plans to increase it to 200,000 tons by 2000. Uzbekistan has established a relationship with a manufacturing company to better supply equipment to farmers. A new system of cotton classing harmonized with world standards has boosted the marketing of Uzbek cotton. Seventeen regional laboratories are being established to test fiber. A substantial technological base guarantees the high quality of Uzbekistan cot-

ton. Because Uzbekistan is land-locked, it is important to develop new routes for moving cargo, including the construction of new highways and railroads along the ancient silk route. Uzbekistan's remarks and country report are Statements of the Meeting.

The CHAIR recognized the delegate of AUSTRALIA who thanked the Government of Bolivia for the warmth and hospitality associated with hosting the Plenary Meeting. He said Australia looks forward to returning the hospitality by hosting the Plenary Meeting in 2000 in Cairns. The delegate thanked Dr. Shaw for his contributions as Executive Director. He said that a country report by Australia had been distributed to delegates. The delegate said he expected exports from Australia to rise in 1998/99. Australia supported the statements by Argentina and Colombia regarding the need to discuss trade-distorting production and export subsidies, noting that Australia does not subsidize cotton production. The delegate suggested that the Secretariat might prepare a paper on policies of member governments regarding the levels of support given to cotton production and consumption. He said the purpose of the Secretariat study would be to render the trade distortions as transparent as possible, noting that such a study by the Secretariat could support discussions ongoing in the WTO. His country's report is a Statement of the Meeting.

The CHAIR recognized the delegate of SOUTH AFRICA who thanked ADEPA for its hospitality and extended his country's well wishes that Bolivia be successful in increasing cotton production. The delegate explained that a country report had been distributed, which he summarized as follows: South Africa is experiencing an accelerated deregulation process. Fourteen agricultural marketing boards were dissolved in 1998, and some were reconstituted as non-profit companies supported by levies paid by industry. The cotton industry has created a company named Cotton South Africa to perform information gathering and promotion activities. Cotton South Africa represents all pipeline players and has no authority to intervene in markets. Marketing of cotton in South Africa is on a completely free market basis. The Government of South Africa is reviewing all agricultural tariffs and is maintaining tariffs only where necessary to protect domestic industry from unfair competition. Among 24 OECD countries in 1987, the average level of Producer Subsidy Equivalent (PSE) of support provided to the agricultural sector was 45%. By 1997, the average level of support was 35%, but the decrease was largely because of higher market prices. In contrast, the average PSE in South Africa is currently less than 10%. The delegate indicated that South Africa sympathizes with the concerns of Argentina, Colombia and Australia regarding the need to discuss trade-distorting subsidy programs and supported the Australian proposal for a Secre-

tariat study. He continued to make the following comments: In South Africa, mill use of cotton is rising and cotton's share of fiber use is increasing. The outlook for 1998/99 is for an increase in production. Cotton area in South Africa may expand over the next several years as prices of competing crops such as wheat decline, due to deregulation of controlled industries. South Africa's country report is a Statement of the Meeting.

The CHAIR recognized the delegate of FRANCE who thanked the government and people of Bolivia for the perfect organization of the Plenary Meeting. The delegate noted that France has a diversity of interests in the cotton sector: France imported 114,000 tons of cotton in 1997, and is also involved in production research in countries around the world. Further, as part of the EU, France has an interest in production in Greece and Spain. He made the following comments on behalf of the European Union: Production in the EU amounted to 40% of EU consumption in 1997/98. The EU is the largest exporter of textile products, and textiles are important to the EU economy. EU production in 1997/98 amounted to 467,000 tons, and increases are expected in both Greece and Spain

in 1998/99 because of improved yields. The EU is the largest importer of cotton in the world, and Uzbekistan is the largest supplier to the EU. The delegate expressed disappointment that certain signatories of the 1955 New York Convention are failing to abide by arbitral decisions involving cotton trade. The EU is concerned that cotton consumption does not seem to be rising and world cotton stocks have increased in recent years. The EU thanked the Secretariat for the excellent documents distributed before the meeting. EU members appreciate the market analysis and transparency of data provided by the Secretariat.

The CHAIR recognized the delegate of TURKEY who said that copies of a country report had been distributed to delegates and summarized it as follows: Turkish cotton production and consumption rose in 1997/98, but production may decline in 1998/99 because of heavy rains. The Turkish government reintroduced the premium system in 1998/99 and will pay growers 10 US cents per kilogram of seed cotton after March 1999. Turkey expects to import 400,000 tons of cotton in 1998/99. Production in Turkey will increase as an irrigation project

in East Turkey is completed. The delegate announced that the Government of Turkey has eliminated a duty on cotton exports, and a duty on cotton imports has been reduced from 25% to 5.2%. Turkey's country report is a Statement of the Meeting.

The CHAIR recognized the delegate of the USA who thanked ADEPA and the Government of Bolivia for their hard work in hosting the Plenary Meeting, and Dr. Shaw for his efforts as Executive Director. The delegate also thanked Mr. Lima-Campos for his service as Chair of the Standing Committee during the past year. The delegate reported that a detailed country statement had been distributed to all delegates. In response to the concerns raised by the delegates of Argentina, Colombia, Australia and South Africa regarding the need to discuss production and consumption subsidies, he said the USA delegation would welcome such a discussion and would be happy to participate. The USA's country report is a Statement of the Meeting.

The CHAIR, seeing that no other delegates wished the floor, adjourned the session at 6:15 pm.

Third Plenary Session

Tuesday, October 13, 1998, 9:00 am
Mr. Walter Núñez Rodríguez in the Chair

The CHAIR called the meeting to order and noted that arresting the decline of the market share of cotton has a relation to technical aspects such as yields and cost of production, the subject of the presentations prepared for the session.

Before initiating the session, the CHAIR recognized the delegate of SOUTH AFRICA, who requested a meeting of the Small Group on Private Sector Participation after the last session of the day. The Chair concurred with the request and invited the Group to meet.

The CHAIR recognized Dr. M. Rafiq Chaudhry, Head of the Technical Information Section of the Secretariat, to present a paper on the cost of producing cotton. Dr. Chaudhry noted that the data he presented made reference to the crop year 1997/98. His remarks concentrated on ten of the 29 countries surveyed. He noted that weeds can be controlled manually, mechanically, or chemically; in countries like Australia and Syria, the cost of weed control can be as high as US\$130, due to herbicide use, while in Pakistan, where weeds are removed mechanically, cost is low. Another major component of cost, he added, is irrigation, which occurs in about 55% of world cotton production; in countries such as Israel irrigation can be above US\$500 per hectare,

while in other countries such as Australia, Pakistan and Turkey, water is almost free. He mentioned that the cost of insect control depends on insect pressure and that accordingly the need for insecticides is low in Syria, but high in Turkey and Australia. In reference to the cost of harvesting, he mentioned that it varies drastically, due mainly to wage differences, and that it ranges from US\$477 in Australia to US\$16 in Uganda. He also mentioned that the cost of ginning shows great variation but that, due to differences in yields, cost per kilogram shows less difference. In reference to total cost, he mentioned that high costs per hectare do not translate into high costs per unit of lint, as in some countries higher yields reduce cost per kilogram. Dr. Chaudhry concluded that differences in production practices make it difficult to compare cost among countries, and that it is more reliable to compare the cost of individual inputs. He noted that input use has been optimized in most countries, that a significant increase in input use is not expected, and that, therefore, total cost per hectare might increase at a slower rate. He also noted that yields are not increasing in most countries and, thus, any increase in input cost would increase cost per kilogram. Finally, he also offered as a conclusion that producing a kilogram of cotton under rainfed conditions is more expensive than under irrigated conditions. Dr. Chaudhry's report, *Survey of the Cost of Production of Raw Cotton*, is a document of the Meeting

The CHAIR recognized Mr. M.B. Lal, Managing Director of the Cotton Corporation of India, to present a paper on the experience of his country in reducing the cost of production. Mr. Lal said that rapid progress has been made in India in terms of production, productivity and quality, because of the development of technologies and their adoption by farmers. He also said that lower yields in India are mainly due to the fact that 70% of area in the country is rainfed, but that other factors such as lack of proper technology transfer, inadequate availability of quality inputs, and poor economic conditions of farmers are also a factor. He added that the task of increasing yields and reducing costs should take into account that most area will remain rainfed in coming years. He mentioned the following: That it has been established that farmers with proper technology achieve higher yields and that new technologies, including early maturing varieties, hybrids, and specific agronomic and plant protection practices, were developed by research institutions in India in association with the government. That the transference of these technologies has improved but that further improvement should be made, as poor farmers obtain the least benefit. Better coordination among research centers is necessary, increased on-farm demonstrations are needed, and credit conditions limit the adoption of technologies. Mr. Lal, said that the role of the Cotton Corporation of India in these efforts is to supplement

government extension work in activities such as seed certification, integrated pest management demonstrations, distribution of inputs, crop surveillance, promotion of cotton cultivation and support of research and development activities. Finally, Mr. Lal mentioned that the only way to increase the income of growers is to increase yield or to reduce cost or both. Mr. Lal's paper is a Statement of the Meeting.

The CHAIR recognized Mr. Joseph Dloomy, Director of Marketing of Ozcot, Israel, to present his experience in technology transfer in developing countries. Mr. Dloomy said that the majority of cotton production and area is concentrated in developing countries and that as a result production systems are diverse due to different government regulations, farm size, climate, and institutional structure. Other less important factors include altitude of planting area and existing infrastructure. In discussing the many aspects of the projects that he has been involved with in Africa, South America, the Middle East and Asia, Mr. Dloomy said that seed quality is a major reason for defective plant stands, poor delinting and grading results in heavy seeding rates per hectare. He noted that irrigation is a major tool for raising yields and stabilizing production subject to reasonable rainfall. He also said that overuse of chemical control of insects, weeds, and diseases has resulted in resistance and excessive dosage and frequency of applications. He added that the human factor plays a major role in digesting new technologies as monitoring and identification activities need high knowledge and experience and, accordingly, plant protection efforts should be devoted to educational programs. He mentioned that mechanization, considered a technological breakthrough, involves many issues such as varieties, row spacing, stand, weed control, proper irrigation, plant regulation, defoliation, storage and transportation, and ginning, but that the key issues are the cost of a picking machine and the modification of a gin for proper cleaning. He also mentioned that the trade and pricing systems do not motivate the farmer to evaluate the effect of agronomic parameters on quality. Mr. Dloomy concluded that although the topics he discussed are the major issues, the cornerstone of technology transfer is the mutual interest of the parties involved and that many programs have failed due to the lack of communication. Mr. Dloomy's paper is a Statement of the Meeting.

The CHAIR recognized Mr. Mario Rodríguez Rico, President of the Board of Directors of Conalgodón, Colombia, to present the experience of his country in reducing costs of production. Mr. Rodríguez said that a review of the recent history of the cotton sector in Colombia shows that the country had one of the most productive cotton sectors in the world until the late 1960s, with yields well above world average, but that over the last ten years area planted to

cotton declined dramatically from 250,000 hectares in 1990/91 to 52,000 in 1997/98. The reduction in area, he explained, was the result of several adverse factors including macroeconomic conditions such as liberalization of the economy, relative high inflation and exorbitant interest rates, and external trade factors such as a substantial increase of foreign competition in the domestic market from countries offering highly subsidized cotton and low international prices. Another factor he said, was the increase in cost combined with stagnation of yields, and, as a result, Colombia, which was a cotton exporter for over 25 years, became an importer of the fiber in 1992. He added the following: While cotton prices declined during the early 1990s, the cost of inputs increased dramatically, in particular the cost of agrochemicals and machinery, creating a significant loss of profitability. Other important factors contributing to high cost were pest control, requiring at some point up to sixteen applications; soil degradation due to excessive mechanization; lack of sustainable agricultural practices; insufficient research at the national level; and low rates of adoption of new technologies. Facing this situation, Colombian scientists designed a model for the reactivation and modernization of cotton production based on five steps: education and training; research, transference and adoption of technologies; sufficient and timely financing; integrated management involving technical assistants, managers, and input and service providers; and pricing and commercialization. With this model in hand, a pilot experiment was developed in the region of Aguachica. Initially, cotton production was voluntarily halted for a period of one crop year with the support of the government, Conalgodón, and some agrochemical industries. The best farms and farmers were selected and cotton production initiated in rotation with other crops. At harvest, all vegetative material was destroyed, improving microbial activity and preserving humidity. Direct planting with high precision equipment was utilized. Physiological control of the crop was exercised with monitoring and mapping programs and with biological control, reducing applications from 16 to 2.5. Contamination was controlled by emphasizing control of harvest, transportation, and ginning. The experimental model, Mr. Rodríguez noted, resulted in a 50% recovery of productivity levels to 2,012 kilograms of seed cotton per hectare and 46% increase in profitability. The model, now in its second year, has been extended to 25,000 hectares in other regions and it is hoped that the same social and economic results that it has had in Aguachica will be reproduced elsewhere. The program, Mr. Rodríguez concluded, is functioning well and Conalgodón is offering to interested countries the technical details of the model, so that the results and experience can be shared. His paper is a Statement of the Meeting.

The CHAIRMAN recognized Mr. Nigel Meredith Jones, Chairman of A. Meredith Jones

& Co., United Kingdom, to present the experience of his company in the transference of technology. Mr. Meredith Jones noted that there was a remarkable similarity from country to country in the efforts to reduce cost, as showed by the previous presentations, and that he was going to refer to the case of Uzbekistan. He mentioned that Uzbekistan is in the initial steps of the process of privatization and that the project he was going to describe was the first step toward the free market and was a personal initiative of President Karimov. He mentioned that his company has been in Uzbekistan trading and exporting cotton since 1991. He made the following remarks: In 1994, the company developed a wholly irrigated cotton production project in the Fergana Valley. Although cotton in Uzbekistan is the largest foreign exchange earner and the country is the second largest exporter in the world, the agricultural sector is facing a broad range of difficulties due to current and pre-1991 conditions that have affected cotton production. Collectivization and intensification since the 1930s are the base of the production system and, thus, the pressing current issues concentrate on adoption of dated technology and methods of cultivation, environmental problems, and high use of inputs. Production and yields, which had declined over recent years, improved during the past three years. The project, called the Fergana Agro-complex Development Corporation (FADC), is a closed stock joint venture company with 51% of the capital contributed by the Cotton Agronomical Development Corporation (CADI), 47% by ten collective farms, and 2% by Kholopkopro. The essence of the project is the transformation of centrally planned and managed collective farms into modern agricultural production units linked to international markets. To achieve the overall goal, it was necessary to improve efficiency at the technical and managerial levels; rationalize production with the use of modern equipment, use of modern techniques and new seed variety selection to improve productivity; introduce modern management and accounting practices; improve the ecological impact of farming; operate the project in a profitable, sustainable and viable environment; create an integrated production system, with the inclusion of other agricultural products, to serve as a model for development in other regions; and create infrastructure for cotton export. The program has been used and tested for the Uzbek environment and has produced a 45% improvement of cotton yields and irrigation water has been reduced by 50%. The project, concluded Mr. Meredith Jones, has accumulated sufficient data and experience, and initial predictions of yield increase have been surpassed, making the project a pilot for a carefully constructed and practical series of interlocking development programs. Mr. Meredith Jones' presentation is a Statement of the Meeting.

The CHAIRMAN recognized Mr. Jean Louis Bélot, CIRAD Cotton Program, France, to

present the experience of his institution in transference of technology. Mr. Bélot said that the CIRAD-CA is a semi-public institution with cotton programs, mainly research, in cooperation with a number of countries around the world. He noted the following: 80% of the organization is made up of a multidisciplinary team, half of which works abroad. The programs include the development of research and its transference to growers in order to reduce cost of production and increase yields and profitability. Mr. Bélot mentioned that in South America, CIRAD works in variety development in Bolivia, Brazil and Paraguay. The philosophy behind the programs on varieties is the regionalization of cultivars to achieve high productivity and, thus, it is necessary to have a catalog of cultivars that can be adapted to various agroclimatic conditions. Another criterion is the adaptation of varieties to conform to fiber characteristics demanded by the modern textile industry. In Brazil, fiber quality is low and the program efforts put emphasis on improvement of strength and the fineness/maturity complex. The varieties program, an efficient tool to reduce costs, develops integrated pest management strategies with research in early varieties to reduce phytosanitary protection costs and develop genetic resistance to disease and nematodes. The results of the program are significant. In Brazil, an early variety, CD401, was developed with good tolerance to disease, increases of 2.5% of fiber productivity and a 7% gain in the value of seed cotton, and higher quality. Similar significant results, although with different experiences, have been registered in Paraguay and Bolivia. The program also includes the development of durable management systems of intensive cultivation in central Brazil. In Francophone Africa, pests are a major preoccupation in cotton, exercising strong pressure on the plant. Accordingly, phytosanitary protection has evolved considerably during the 1990s, as a first step to pass from the total chemical control of the 1970s and 1980s to reasonable chemical control and, ultimately, integrated control. Protection programs are disseminated on a large scale in several countries. In Cameroon and Mali, for example, the program was able to reduce plant protection costs by 50%, reducing pesticide quantities while improving yields. Mr. Bélot explained that CIRAD-CA has other modalities of collaboration in Asia, North Africa and Europe. In conclusion, Mr. Bélot said that the scientific research packages he described can be transferred and that in its continuous work CIRAD-CA maintains a long-term preoccupation in respect to the environment and sustainability.

Mr. Bélot, introduced his colleague, Mr. Jean Louis Hofs, to demonstrate the simulation model COTONS, developed by CIRAD-CA scientists and based on the plant development simulation model, GOSSYM. In his demonstration, Mr. Hofs explained that COTONS has three

submodels: a plant model that controls variety, climate and development of the plant; a model that controls water, sun exposure and hydric capacity; and a model that controls stress. The model can be utilized to visualize the growth of the plant under a broad range of characteristics and impacts from the environment. Finally, Mr. Hofs said that the model is a superior tool for training and decision making. Mr. Bélot and Mr. Hofs presentations are Statements of the Meeting.

The CHAIR recognized the delegate of AUSTRALIA who made reference to the presentation by Dr. Chaudhry and said that there was a mistake in the data on exchange rates provided by Australia due to the fact that information was based on US\$1 equals to A\$0.63, instead of the correct rate of A\$1 equals to US\$0.63, with the effect that costs provided in US dollars were about twice the actual costs in Australia. The delegate announced that Australia would provide new figures to the Secretariat before the document is placed on the Internet.

The CHAIR noted that Mr. Miguel Sobrero, Subsecretary of Agriculture of Argentina, wished to present a statement regarding the decline of cotton's market share and as he had to return to his country in a few hours, he could not wait until the end of the session. The CHAIR recognized Subsecretary Sobrero, who said that President Carlos Saul Menem had personally asked him to deliver a warm greeting to the 57th Plenary Meeting in Santa Cruz de la Sierra. He mentioned that his government is making every effort to improve the productivity and economic conditions of the cotton sector in Argentina. He added that Argentina considers that local growers are equal to growers around the world, with the same interests, virtues and defects, dreams and worries, but that they are forced to be different because of direct and indirect subsidies to prices in other countries that distort the rules of free trade, local and international. In its efforts to improve productivity and cotton quality, he said Argentina's national cotton program, led by INTA, has obtained important increases in yields and income per unit through genetic and management improvements. He noted that INTA has signed agreements with Monsanto and Delta Pine to introduce Bt varieties in the country and that improvement has also taken place in protection activities, ginning, and commercialization. Mr. Sobrero's remarks and a paper on Argentina's efforts to arrest the decline in cotton's market share are Statements of the Meeting.

The CHAIR recognized the delegate of PAKISTAN who expressed interest in all the presentations and said that in his country it was noted that the message was not getting through to farmers. As a result, a TV program was introduced as a tool to transfer technology and a network of information was created based on the use of

the fax machine, to improve knowledge about crop conditions.

The CHAIR invited Dr. Rafiq Chaudhry of the Secretariat to present a report on current classification methods. Dr. Chaudhry reported the Secretariat undertook a study on classification of cotton 36 years ago and, since significant changes have occurred, the Technical Information Sector decided to update the study. Dr. Chaudhry indicated that the report prepared for the Plenary Meeting contains data from 31 cotton producing countries, out of which 23 grade seedcotton and most of them use standard boxes. He said that in all countries seedcotton is graded on the basis of color and cleanliness, except in Vietnam. Dr. Chaudhry stated that in some countries there is no fee for seedcotton grading, while in many countries farmers, merchants or ginners pay a fee. Dr. Chaudhry noted that lint cotton is graded in every country and displayed a chart with grade by countries. He explained some of the differences in classing systems and reported on the range of use of High Volume Instrument (HVI) testing in different countries. Dr. Chaudhry said there are currently 24 signatories to the Universal Standards Agreement in 21 countries. He stated that many countries plan to adopt HVI classification and promote its use. Dr. Chaudhry concluded that the number of countries conducting bale to bale classification would increase. His report is a document of the Meeting.

The CHAIR recognized the delegate of ITALY who presented a report by Mr. Romano Bonadei, Vice President of the Associazione Cottoniera Liniera e delle Fibre Affini on Arresting the Decline in Cotton's Share of Market and the Role of Current Quality Standards for Cotton. The delegate reported that technological evolution demands increasingly higher quality of cotton and it is becoming harder to find cotton meeting increased requirements. The delegate noted that increased competition with chemical fibers and economic crises exacerbate the need to introduce certain parameters for cotton fibers. The delegate reported that spinners have not been able to join forces to agree on common requirements, while the US spinning sector in isolation benefits from agreements on quality requirements with local producers. The delegate noted that new HVI instruments, such as FCT by Lintronics should be used to certify quickly the number of neps, seed coat fragments, and degree of stickiness. He also reported that producers have achieved progress in fiber length and strength; however the number of neps, short fiber content, irregularity, contamination and stickiness have grown. The delegate expressed a hope that in the future new International Cotton Standards shall be defined with parameters meeting the requirements of spinners. He reported that Mr. Bonadei's company had achieved the goal two years ago by agreeing with his suppliers on controlling moisture at each stage of

the ginning process and excluding one lint cleaner, while increasing growers and ginners return by 2-3%. The delegate indicated that many spinners are ready to commit themselves to this matter. Mr. Bonadei's paper is a Statement of the Meeting.

The CHAIR noted that the 56th Plenary Meeting had invited countries to present reports on their efforts to arrest the decline in cotton's market share. The CHAIR invited Mr. Suresh Kotak, President of the East India Cotton Association to present a report on Efforts to Reduce Cotton Contamination in India. Mr. Kotak noted that the contamination problem remains a major factor affecting competitiveness of cotton against other fibers. He reported on efforts undertaken in India to reduce contamination of natural origin, as well as of man-made origin in all stages, including hand picking, ginning and storing. Mr. Kotak noted that concentrated efforts have been made by various cotton sectors and that the Indian Cotton Mills Federation has formed a committee to harmonize efforts. He described steps undertaken by various organizations working to reduce contamination, including the Textile Commissioner's Office, the Cotton Corporation of India, the Ahmedabad Textile Industries Research Association and the East India Cotton Association. Efforts include educational campaigns, incentives, inspections and certification. Mr. Kotak concluded that it is essential to continue to develop a disciplinary system of consistent education and control to succeed in reducing contamination. Mr. Kotak's paper is a Statement of the Meeting.

The CHAIR recognized the delegate of ARGENTINA who made a request to include a paragraph in the statement of the Meeting suggesting that each bale of cotton should carry not only a commercial classification of cotton, but also a card with the HVI classification to allow better determination of technological parameters of the fiber. The delegate's remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of EGYPT who reported on efforts to improve quality and competitiveness of the Egyptian cotton and introduction of a number of varieties in long and extra-long cotton categories with improved characteristics. He noted that one of the high yielding varieties in the long-staple category, Giza 86, accounted for 60% of exports in 1997/98. The delegate characterized Giza 85 and 89 as high yielding and early maturing varieties, while Giza 88 is competing with Giza 77 and 70, but exceeds them in yield by 15-20% and has superior technological characteristics. The delegate mentioned Giza 87 in the extra-long category as a competitor of Giza 45, the best quality of Egyptian cotton. The delegate reported on efforts to reduce contamination in Egypt in all stages of

production and ginning through educational programs. The delegate expressed the willingness of Egypt to cooperate with consumers on issues related to quality and contamination.

The CHAIR recognized the delegate of AUSTRALIA who noted that consistent with commitments made during the 56th Plenary Meeting with regard to arresting the decline in cotton's market share, the Australian government has been actively pursuing the establishment of a Natural Fibers Textile and Clothing Forum in ASPAC. He reported that Japan established ASPAC in 1996 as a regional government/industry forum to exchange information and views on production and trade of textile and clothing products in the Asia-Pacific region. The delegate reported that ASPAC has met twice during the past two years and will meet again soon to consider Australia's proposal for the establishment of a Natural Fibers Committee, to include government and industry representatives and to work on identification and analysis of issues to facilitate trade in natural fibers and textiles. The delegate invited all countries in the region to support the establishment of such a forum and its operation. His remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of INDIA who reported on measures undertaken by the Government of India to reduce the cost of production, to introduce varieties with resistance to pests and disease, and efforts to improve ginning outturn to a higher range of 35-40%. The delegate noted that quality should be improved by spreading improved production technology and reduction of contamination. He said better production techniques could potentially double the current average yield of 300 kg per hectare. He referred to the importance of improvements in marketing, risk management and promotion. India's remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of SOUTH AFRICA who reported on measures by South Africa to increase production and consumption of cotton. He noted that the private sector and agricultural research in South Africa collaborate to import varieties with higher yields, resistant to disease, and with a short season of 120-125 days. The delegate noted that efforts are being made to introduce varieties with higher ginning output of up to 40%. He indicated that it is important to reduce the cost of production to better compete with chemical fibers. The delegate noted that the industry works to introduce varieties that are best suited to the needs of the spinners and is implementing a campaign to reduce contamination. He said that efforts are made to reduce price volatility by increasing cotton under irrigation. The delegate described certain successes of promotional efforts and the introduction of the South Africa Cotton Mark in

1985 as quality assurance for the consumer. He called on other countries to express their opinions on genetic cotton promotion in general. South Africa's remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of TANZANIA who reported on Tanzania's efforts to improve cotton competitiveness. The delegate said that in 1997/98 six seed varieties were introduced in Tanzania which could lead to improvements in yields from 350 kg/ha to 1000 kg/ha and ginning ratios from 34% to 48%. He reported that ten varieties had been obtained from CIRAD and would be tried during this season. The delegate reported that the Cotton Board worked with private producers to improve handling and ginning while reducing contamination. He said that the government had privatized most of the textile mills and provided tax incentives to facilitate growth in the textile industry. Tanzania's remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of FRANCE who noted that the Secretariat's document on classing and grading of cotton contained discrepancies. The delegate recommended that the Secretariat consult Mr. Estur of Copaco before distributing the document.

The CHAIR recognized the delegate of CHINA (TAIWAN) who said that, as an importer, China (Taiwan) makes efforts to promote the use of cotton by reducing the cost to spinners and adding value to cotton products. The delegate noted that efforts are being made to establish a computer control system to detect foreign matter contamination. He said that introduction of new production methods and products, such as mercerized cotton, should promote the use of cotton. China (Taiwan)'s remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of JAPAN who noted that Japan is concerned with the problem of contamination and will address the issue on Thursday during the Technical Seminar.

The CHAIR recognized the delegate of BRAZIL who noted that Brazil has reduced substantially the cases of contamination with polypropylene and jute as a result of reduced hand-picking. The delegate reported that there have been no reports of any stickiness affecting Brazilian cotton.

The CHAIR recognized the delegate of INDIA who noted that there are factual errors regarding seed cotton grading described in the Secretariat's document on Cotton Classing and Grading. The delegate said that the Indian delegation wished to be consulted regarding these matters.

The CHAIR adjourned the session at 3:55 pm.

Fourth Plenary Session

Tuesday, October 13, 1998, 4:30 pm
Mr. Walter Núñez Rodríguez in the Chair

The CHAIR invited Mr. Jorge Milton Capitanich, Subsecretary of the Secretariat of Social Development of Argentina to present a paper on the investment instruments for cotton production in his country. Mr. Capitanich said that the purpose of his presentation was to provide an account of alternative investment mechanisms for the agricultural sector in Argentina, with emphasis in cotton. He mentioned that changes in legislation in Argentina led to the introduction of five forms of investment instruments: Trust funds, common funds of investment (CFI), participation societies, limited societies, and contracts by mandate. He added that the most innovative of these instruments is the CFI. The CFI is a stock exchange intermediary, created with the purpose of diversification of investment capital and dispersion of risk. The CFI is funded by shares, offered publicly with varied maturity terms, mainly of one and five years. There are different kinds of CFI, which are classified by their nature into closed (with a fixed number of shares) and open (whose assets are measured by the number of shares purchased). CFI's are also classified by their objective into fixed yield, variable yield, money (very liquid investments), fixed term, domestic, global, and direct investment funds (i.e. agriculture, forestry, real state). The organizational structure of the funds is composed of two bodies, a managerial society, in charge of administering the financial resources, and a depository society, the trustee of the assets of the fund. There is also an allocating agent, and an auditor. Mr. Capitanich noted that the success of agricultural projects financed by CFIs depended on five factors, rent of land, cost of inputs, climate conditions, yields, and prices. He added that given the size of investments, these projects are characterized by maximization of yields, given the use of higher technologies and very qualified personnel; and minimization of climatic risks, given the careful selection of areas and crops. In addition, there is increased net income, as economies of scale allow the acquisition of input in higher volumes at lower prices and the sale of total production at higher prices. The key to the success of CFIs is diversification and, thus, CFIs usually rent land in different regions and plant different crops. There are three main effects of the CFIs on the agricultural sector: CFIs rent land from small and medium size holders in order to increase the scale of production; economies of scale allow planning of input purchases directly from the manufacturer; and larger crop size and quality allow better bargaining power and higher sale prices. Mr. Capitanich noted that there are some disadvantages in the use of CFIs, such as potential soil

degradation, given that CFI's are not land owners, and the disruption of the business of traditional providers and traders, given the input purchase and crop commercialization practices. He said that currently nine CFIs operate on areas that range between 20,000 and 42,500 hectares and that the CFI that has the largest interest in cotton has 58% of its investment dedicated to this crop. Mr. Capitanich's paper is a Statement of the Meeting.

The CHAIR invited Mr. Timothy John Pearson from Alpargatas Santista Têxtil S.A., Brazil, to present a paper on investment prospects in Brazil. Mr. Pearson mentioned that he was presenting the paper on behalf of the director of the company, Andrew Macdonald, who apologized for his absence and sent his greetings to all delegates. The idea of the paper, Mr. Pearson said, is to give an overview of the great cotton production potential in Brazil and invite investors to consider the central states of Mato Grosso, Mato Grosso do Sul, and Goias, called the white gold mine of the country. Brazil, once an exporting country, is now reduced to be one of the largest importers in the world due to production declines during the 1990s. Despite the fact that initially imports of cotton were a financial advantage, due to long term credit terms offered by foreign suppliers, the downside of imports is the inability of the textile industry to compete in international markets due to the use of imported cottons and, thus, mill consumption of cotton in the country has declined. However, the great potential for growth of the textile industry in Brazil remains intact, since per capita consumption of fiber is low and the standard of living is increasing. Currently, there is a rebirth of Brazilian cotton production with the ingenuity of the modern local farmer and a new government approach. Over the last two years, a new program in the central states is using total mechanization in land preparation, harvesting and disease control, which is taking over the old model of small family holdings with low technology. Vast tracks of land, which for twenty years were used for cattle raising, have been transformed, initially, by clearing the scrub and laying clay and, in a second stage, by introducing phosphates and nitrogen, which the clay retains, allowing initial planting of soybeans on a no till basis. After several years, soil formed and today there are 2.5 million hectares planted to soybeans. As soybeans are nitrogen-fixing plants, the initial crop rotation of choice was corn. However, corn prices declined and cotton, a nitrogen consumer, became an excellent alternative. The weather cycle in the region is excellent for cotton, with rains during the growing season and dry hot conditions during harvest. As cotton requires considerable infrastructure, initial experiments met

mixed success. Nonetheless, after successful pilot projects, farmers went into large-scale cotton production, creating harvesting and ginning infrastructure close to production sites. It is estimated that 55,000 hectares were planted to cotton in 1997, with an increase to 100,000 in 1998, and an expected 180,000 hectares in 1999. Yields are estimated at 1200 kilograms of lint per hectare, or four times the national average, and the estimated cost of fiber production is US\$56.75 cents per pound. There are only two barriers to greater expansion: (1) further investment is needed for land preparation and (2) additional infrastructure. In addition, cotton prices in Brazil do not follow closely New York futures and are virtually unhedgeable for the time being. However, the government has initiated programs that allow farmers to sell forward with a guarantee from Banco do Brasil, and continues to guarantee a minimum price to farmers, currently about 62 cents per pound. Finally, Mr. Pearson said that details about cotton production in the central states and the opportunities that exist could be obtained from his company and from the Brazilian Cotton Association. Mr. Macdonald's paper as well as Brazil's country report are Statements of the Meeting.

The CHAIR invited Mr. Adhemar Guzmán, Viceminister of Exports in the Ministry of External Commerce and Investment of Bolivia, to present a paper on investment opportunities in cotton in his country. Mr. Guzmán said that Minister Jorge Crespo Velazco regretted not being able to deliver the paper as he was tied up in a congress session. He said that foreign direct investment (FDI) in Bolivia is an important component of economic development for the country, contributing to capital formation, expansion and diversification of exports, access to technology and modern management techniques, and generation of employment. As a result, the government has reformed the country's regimen of FDI in the form of protection to investment and liberalization of the economy. The broad range of the legal framework includes privatization and capitalization laws, as well as laws for specific economic sectors. The objective of the investment policy of Bolivia is to promote economic development and generation of employment through national and foreign investment and to channel public investment to infrastructure and social projects. He mentioned that Bolivia is an active member of the different international organizations that guarantee foreign investment and has bilateral agreements to protect and guarantee investment with several countries. The attractive environment for investment in Bolivia includes political and economic stability, low rates of inflation, a simple tax regime, economic reforms, access to important markets, important

infrastructure, abundant natural endowments, and ample labor force. In addition, exports, which amount to US\$1.2 billion dollars, enjoy a general export legal framework, with no license requirements and tariff neutrality, a re-export legal framework, with tariff and tax ex-

emptions for raw materials, and free trade zones, regulated by the principle of fiscal and customs segregation. Cotton is the fourth most important non-traditional export product and represents an important element of the regional

economy of Santa Cruz, he said. Mr. Guzmán's paper is a Statement of the Meeting.

The CHAIR asked for comments on the previous presentations and, there being none, adjourned the Fourth Plenary Session at 5:30 pm.

Fifth Plenary Session

Wednesday, October 14, 1998, 6:05 pm
Mr. Walter Núñez Rodríguez in the Chair

The CHAIR, introducing the theme of the session, noted three presentations on genetically modified organisms (GMO) were scheduled and recognized Mr. Ralph Schulzé of Australia to make the first.

Mr. Schulzé emphasized the importance of cotton and stated that important goals in cotton are (1) to improve production and processing of cotton at lower costs and without subsidy; (2) improve quality; and (3) make cotton production ecologically sustainable. Mr. Schulzé stated that these goals could be achieved through minimizing losses due to diseases and insects, minimizing crop vulnerability to natural weather calamities including drought. He also valued the need to enhance the market for seed, oil and cotton byproducts. Mr. Schulzé acknowledged the role of biotechnology and referred to the development of herbicide tolerant and insect resistant Bt cotton. He said that all research in biotechnology for genetically modified cotton varieties should be cost effective for farmers but noted that it may not be so always as the technology is very expensive and access to different genes and technologies, at the same time, could be limited due to useful genes and techniques owned by different companies. On the biosafety issue Mr. Schulze said that such rules should be

based on scientific reasoning and not on commercial motives. He also proposed common, realistic and safe international trading rules on GMOs. Mr. Schulze mentioned that in Australia Bt cotton was grown on 30,000 hectares in 1966, 60,000 hectares in 1997 and over 80,000 hectares in the current year. In his concluding remarks, Mr. Schulze informed participants that the Australian Cotton Research and Development Corporation is sponsoring a number of research projects in the field of biotechnology so that his country will not be dependent on overseas technologies. Mr. Schulzé's paper is a Statement of the Meeting.

The CHAIR informed the Meeting that Mr. Nickolas Panopoulos of the Institute of Molecular Biology & Biotechnology, Greece, was not present. His paper is a Statement of the Meeting.

The CHAIR recognized Mr. Kater Hake of the Delta and Pine Land Company. He referred to the developments in the field of breeding and stated that now it is possible to insert far related non-species genes into the cotton plant. Mr. Hake mentioned that biosafety regulations for the release of GMOs, variety registration before commercial adoption, and importation and quarantine rules are limiting the utilization of GMO variety seeds. He stated that extensive research is conducted before releasing any transgenic

varieties. He admitted that, though research has been conducted for almost ten years before releasing the current Bt types, some of them are region-specific. He said restrictions on the import of seeds do limit the utilization of GMOs but registration conditions is another important factor in the way of extending the utilization of transgenics. In order to improve the availability of GMOs, Mr. Hake recommended harmony in regulatory approval affairs and education of users about GMOs. He commended the biotechnology work published in ICAC technical bulletins. Mr. Hake supported the viewpoint expressed by Mr. Schulzé regarding international recognition and its role in broadening the market for GMOs. Mr. Hake's paper is a Statement of the Meeting.

The CHAIR thanked both speakers and opened the floor for discussion on the papers. The delegate of PAKISTAN stated that importation of currently available Bt varieties into countries like Pakistan could result in disaster. In Pakistan, he said, jassid is a very serious pest and smooth leaf varieties cannot be grown without extensive spraying. He commented that a lot of work is going on in the field of biotechnology, as discussed in the World Cotton Research Conference-2, but said it is all related to bollworms.

In the absence of other observations, the CHAIR adjourned the session at 6:40 pm.

Sixth Plenary Session

Wednesday, October 14, 1998, 6:45 pm
Mr. Walter Núñez Rodríguez in the Chair

The CHAIR invited the delegate of TURKEY to present a video on the Southeast Anatolian Project (GAP). The delegate said that the video was prepared for this Plenary Meeting. He reported that GAP is Turkey's largest ever integrated project and is regarded as one of the nine wonders of the modern world. The delegate noted that the project covers energy, agriculture, livestock and fisheries, mining, transportation, telecommunications and social development. He noted that the project area is 76,000 sq. km. Energy projects are coupled with irrigation. The delegate indicated that 22 dams and 19 hydro-

electric plants are being constructed on the Euphrates and Tigris rivers with a total cost of \$32 billion, out of which \$13 billion has been spent. He reported that 70% of energy projects have been completed but only 11% of the agricultural projects have been realized. The delegate noted that the project should be complete by 2010 and will double cotton production, lead to \$7 billion in agricultural production and could provide jobs for 3.5 million people. Following the remarks of the delegate, the video was shown to the audience. The text of the presentation is a Statement of the Meeting.

The CHAIR invited the delegate of CHINA (TAIWAN) to present a video on Fine Cotton

Product Development in China (Taiwan). The delegate introduced the video dealing with the development of a high quality cotton product using double mercerized processes. The delegate said that the video shows that China (Taiwan), as a synthetics producing country, continues to devote efforts and research in order to develop high quality cotton products to sustain cotton use in the future. Following the remarks of the delegate, the video was shown to the audience.

The CHAIR invited Mr. Shangnan Shui, the representative of FAO, to present a report on FAO programs related to cotton. The representative noted that FAO's work related to cotton might be described as either technical or economic. He

said that most technical programs aim at increasing cotton productivity. For instance, projects in operation in Latin American countries include technology transfer for integrated pest management and monitoring, and containment and control of the cotton boll weevil. He noted that FAO also plays an active role in the world Cotton Biotechnology Group and ESCORENA Cotton Network, which focus on new technology development. The representative reported that economic programs are undertaken mainly by the Commodities and Trade Division which has enjoyed close and productive cooperation with the ICAC in analyzing the world cotton market over the past years, and that a joint study was undertaken on the outlook for cotton to the year 2005 incorporating effects of the implementation of the Uruguay Round Agreement. He said that the study is expected to be published by the end of the year. According to the study, it is projected that removal of the MFA would induce a 5 percent increase in global fiber consumption by 2005, and the increase in textile consumption would induce higher demand for cotton. The representative noted that FAO is assisting member countries in preparing for the next round of WTO negotiations; conducts research, workshops and seminars and various expert consultations; and looks forward to a continuation of close cooperation with ICAC in the future to promote a thriving world cotton market. Mr. Shui's remarks are a Statement of the Meeting.

The CHAIR invited the representative of the EUROPEAN UNION to present a report. The representative read the report referred to in an earlier session by the delegate of France. The European Union's report is published in the Statements of the Meeting as a country report.

The CHAIR invited Mr. Timothy J. Pearson, representative of the ITMF, to present a report. The representative noted that the world economy and textile industry are in turmoil and disturbing signs of major imbalances of supply and demand are obvious. He said that cotton lost its price leadership and faces declining demand and it is now necessary to reconsider seriously its overall strategy and market approach. He noted that the ITMF started to approach one of the most serious problems affecting spinners, contamination, since the early 1980s. The representative noted that it is essential that all market segments work together in a permanent dialogue between growers and spinners. He reported that in order to strengthen the dialogue, the ITMF has organized a number of meetings between growers and spinners and undertook a number of trips, one of them to China (Mainland). He said that one of the ways to strengthen cotton's position in the market is to adapt more stringent trading rules and to create the proper testing equipment. The representative expressed his belief that cotton is in stagnation in terms of quality and cost, as the world failed to raise

yields while quality generally declined in part because of inadequate ginning. He called on producers to increase the intrinsic quality of cotton. Mr. Pearson's remarks are a Statement of the Meeting.

The CHAIR invited Mr. Jean-Philippe Deguine, representative of CIRAD, to present a report. Mr. Deguine thanked the organizers of the meeting and Bolivian hosts. He said that Dr. Shaw had played an important role in the ICAC for twelve years and thanked him, wishing him good luck. Mr. Deguine described the role of CIRAD as a research center and expressed his concern about the image of cotton. He presented an example in which the reputation of cotton was violently and unjustly attacked because of commercial interests of competitors. He said that adversaries try to paint cotton as a slave, colonial crop bringing environmental catastrophes, or a hunger-making crop. He noted that it is our duty to improve the image of cotton in cooperation on an international scale. Mr. Deguine noted that there are constraints confronting cotton, including crop management in a competitive way and strong competition from synthetic fibers. He said that research is capable today to meet these challenges through international cooperation using the global program concept. Mr. Deguine's remarks are a Statement of the Meeting.

The CHAIR invited Mr. John Baffes, representative of the WORLD BANK, to present a report. The representative presented a report on World Bank recent cotton-related lending and non-lending activities. He described the World Bank efforts to increase efficiency and to attract private investments in West Africa. He pointed to a historic role played in West African cotton development by the CFDT and COPACO in raising the share of the region in world exports to 15%. He also noted that the administered pricing system in West Africa tends to put farmers last, while putting the cotton companies and the government treasury first. He indicated that following the devaluation of the CFA franc in 1994, prices in Zimbabwe and India have been 80 to 100 percent higher than prices in Francophone Africa. The representative noted that the highly monopolistic nature of the industry impedes broader economic development by denying entrepreneurial opportunities to investors and by impeding the creation of customs unions in West Africa. He reported that the World Bank, in a course of discussions with the stakeholders in Francophone Africa, has emerged with two alternative approaches to reform, (1) retaining but reforming the seed cotton monopsonies and (2) free entry and competition. The representative said that the World Bank view favors the second alternative as a better way to alleviate poverty and as more consistent with the Bank policies. Mr. Baffes' remarks are a Statement of the Meeting.

The CHAIR recognized Mr. François Bocchino, delegate of FRANCE. The delegate offered a response to the statement by the World Bank on policies in West Africa. The delegate noted that a point by point response was prepared to the World Bank document on reform policies in West Africa and published in the 26th issue of *Coton et Développement*. The delegate said that the World Bank document presented ambiguous information on cotton production in West Africa. He said that the document ignores realities and successes achieved in cotton production in the region, which now accounts for 80% of production in Sub-Saharan area sold in the world market, up from 20% in 1970. The delegate noted that Francophone Africa is the third largest exporter of cotton in the world after USA and Uzbekistan. He noted that comparisons made by the World Bank of West African small scale producers in rainfed conditions to large scale irrigated farms in Zimbabwe and South Africa are unjust. He indicated that the cost structure in West Africa is different from Zimbabwe as small farmers are paid for seed cotton and do not bear the cost of transportation and other expenses paid by producers in other countries. He said that in 1998 West Africa produced 2.2 million tons of seed cotton and 950,000 tons of lint, an exceptional achievement in the African agricultural world. The delegate suggested that the World Bank should rather concentrate its talent and resources developing other sectors of agriculture, such as maize and rice, where there is import dependency in the region. Mr. Bocchino's remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of MALI who apologized for being late to the first sessions of the meeting. He thanked Dr. Shaw for the high quality of his work and spoke on cotton production in Mali. He said that seed cotton production in Mali was expected to reach 500,000 tons according to estimates made a year ago; in fact production reached 523,000 tons and financial returns were great, he said. The delegate strongly cautioned against forcing privatization on Mali as it would affect the well being of farmers who enjoy full support of the government. He noted that cotton production in Mali rose from 100,000 tons to 500,000 tons in 25 years and expectations are that yields will increase this year and the quality of life of producers will improve. He said that there are concerns related to the world economic crisis that should be addressed by the international community. The delegate noted that Mali depends on CFDT and that the World Bank should consider privatization efforts carefully. His remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of TURKEY who referred to the statement by the European Union regarding difficulties experienced in international trade because of restrictions on

cotton trade imposed by the Turkish government. The delegate said that, as noted in earlier sessions, the export tax was abolished and the import tax reduced to 5.2%.

The CHAIR recognized the delegate of CHAD who thanked the Bolivian government for its hospitality, recognized Dr. Shaw's efforts and also congratulated Dr. Townsend. The delegate

said that he wanted to make two comments. He noted that it is extremely important for producers to maintain constant contact with world consumers and that ICAC plays a very important role in communication. The delegate referred to comments made by the delegate of France saying that he was thankful for the interest France has in cotton production in Chad and for the ef-

forts it makes to encourage cotton production. He indicated that the 2.5 million people who depend on cotton in Chad are landlocked and all means of transportation, including roads, railroads and water are very costly. His remarks are a Statement of the Meeting.

The CHAIR adjourned the session at 8:15 pm.

Seventh Plenary Session

Friday, October 16, 1998, 11:15 am

Mr. Walter Núñez Rodríguez in the Chair

The CHAIR noted that according to the Agenda it was the purpose of this session to receive the comments of the CHAIR at the end of the Meeting and the closing remarks of delegations. He noted that a formal closing of the Meeting by the President of Bolivia would take place immediately following the end of the session.

The CHAIR thanked delegations for allowing Bolivia to serve as host of the 57th Meeting of the Committee. He said the Meeting had established linkages of friendship among all those committed to the future of cotton. He expressed appreciation for the participation of delegations in the deliberations and opened the floor for closing remarks.

The delegate of EGYPT expressed his full appreciation for the warm welcome and hospitality since his delegation first arrived in Santa Cruz. He noted that delegates had discussed important topics and the challenges were numerous, affecting not only the supply side but demand and the impact on incomes as well. He said the discussions in the Meeting required all members to make more efforts to increase productivity and overcome obstacles to trade and competition, through cooperative efforts of governments and the private sector. The delegate reported that Egypt was more interested in the work of ICAC and the efforts of this organization as a result of the meeting. He presented his personal thanks to the Chair, the Secretariat and the interpreters for their efforts.

The delegate of CHAD expressed appreciation to the host organizations for the quality of the welcome received and for the faultless organization of the entire Meeting. He sincerely thanked the Chair for the quality of his efforts. He said he was also happy to welcome the 58th Plenary in Charleston, South Carolina, and hoped that delegates could continue to debate the important topics addressed during this Meeting in the same environment of sincerity and deep concern for the cotton sector.

The delegate of UGANDA, on behalf of her government, thanked the Chair for having en-

ured and deliberated to come to fruitful results, as reflected in the two reports approved earlier. As a result of these efforts, she said, we will be able to work together to keep the place of cotton in the world economy. She expressed the gratitude of her delegation to the President, government and people of Bolivia. She also expressed thanks to ADEPA, the Ministry of Agriculture and Livestock, the Standing Committee and the Secretariat of the ICAC under the leadership of Dr. Shaw for their efforts. She noted that Uganda had always cherished his worth and his readiness to help. She said she was comforted by the selection of Dr. Townsend as his successor. Commenting that she had found Bolivia to be like a second home, the delegate said she hoped Uganda would be again able to host a Plenary Meeting in the future, the last one in her country having been in 1974, to reciprocate the offer of hospitality. However, she told delegates that they needn't wait to visit or invest in Uganda; she assured them of her country's open economy and welcome.

The delegate of the UNITED KINGDOM also thanked the Bolivian hosts. He said the cotton industry is like a big family and Plenary Meetings are like family reunions. He expressed appreciation to ADEPA and the Ministry of Agriculture and Livestock and the City of Santa Cruz for their reception. He thanked the support staff for their ready smiles and attention to details. He said he had pondered suggesting that all plenaries have a Bolivian support staff but feared that it would take delegates four hours to debate the proposal, as on other administrative matters it seemed, despite the fact that most would agree to it in 15 seconds. He thanked Bolivia for hosting the Meeting so soon after joining the Committee in 1995 and said Bolivia can be proud of a job well done.

The delegate of the PHILIPPINES joined the many voices to congratulate the Chair, the government and people of Bolivia and thanked the helpful Bolivian staff. He welcomed the appointment of Dr. Terry Townsend and wished Dr. Lawrence Shaw the best of luck in the future. He recognized the work of Aluisio de Lima-Campos and welcomed Alaa Eldin Shalaby, Paul

Morris and Alfonso Pino as the new officers of the Standing Committee.

The delegate of CHINA (TAIWAN) also thanked the Chair, the government of Bolivia and ADEPA for their hard work during the last week. He said that under the able direction of the Chair, delegates had been able to discuss many issues. He noted that delegations shared a common goal of a healthy world cotton economy, and he assured other delegations that China (Taiwan) would continue its efforts to strengthen cotton. He thanked Dr. Shaw for his service and welcomed Dr. Townsend in his new role. He said he looked forward to working with Mr. Shalaby, the next Chair of the Standing Committee, on the many issues designated by this Committee.

As a result of this brief visit to the heart of South America, the delegate of COLOMBIA said his delegation had gotten to know the beauty and growth of Bolivia. On behalf of the government of Colombia, he expressed his gratitude to the government of Bolivia, the City of Santa Cruz and ADEPA for their warm welcome that, he said, would strengthen the links that held us together. He thanked the personnel who had made this work enjoyable and the interpreters for fulfilling their duties in an efficient manner. He especially expressed appreciation to the Chair for his friendship and work in conducting the Meeting.

The delegate of JAPAN said his delegation also joined the voices of other delegations in offering congratulations for the great success of this Plenary Meeting. He said his delegation firmly believes that this Plenary Meeting will be a basis for the future development of the international cotton economy and the cotton economy of Bolivia.

The delegation of SOUTH AFRICA, on behalf of Dr. Eugene Brock and other members, thanked the Bolivian government, the Ministry of Agriculture, Livestock and Rural Development and ADEPA for the well-organized conference and warm hospitality extended. The delegate thanked the Chair for his able conduct and fellow delegates for their contributions. He said his delegation was concerned that too much time

had been spent on unnecessary administrative matters and hoped that in the future administrative matters would be limited to only what is necessary for the efficient performance of the ICAC. In this way, he noted, more time could be focused on world cotton issues.

The delegate of INDIA said member countries had had very fruitful and excellent discussions during the week. He again expressed his thanks to the government of Bolivia and the support staff for a very affectionate reception and for the arrangements made for their comfort, including vegetarian needs of some members of the delegation. He congratulated Dr. Townsend on his appointment as the new Executive Director and thanked Dr. Shaw for his excellent contribution to ICAC.

The delegate of GREECE warmly thanked the Bolivian authorities, ADEPA and the organizing committee, the Chair and the Secretariat of ICAC, the interpreters and all who contributed to the excellent organization of the Meeting. She said her delegation would always have the best memories and impressions of Santa Cruz and Bolivia.

The delegate of TURKEY joined other delegations in thanking the government and people of Bolivia for their excellent arrangements. He said each Plenary Meeting contributes significantly to the betterment of the world cotton economy. He recognized the Chair and Vice Chairs for their work. He said he was pleased to have the appointment of Dr. Townsend as the next Executive Director. He thanked Dr. Shaw for his excellent performance during the last twelve years, ten of which he had personally experienced and seen the progressive improvement in the work of the Secretariat. He wished him every success in the rest of his life. He thanked the USA for hosting the next Plenary Meeting.

The delegation of SUDAN extended its thanks and gratitude of the government and people of Sudan to the government of Bolivia, the Ministry of Agriculture and ADEPA for their hospitality, commenting that memories of the beauty and history of the area will always be in their

minds. The delegate thanked the Secretariat of ICAC and the organizing committee for their excellent performance and high efficiency. He congratulated the Chair on his conduct of the Meeting and his efforts to achieve the best results. He offered thanks to Dr. Shaw for his honesty and dedication and for bringing the organization to effectiveness, wishing Dr. Townsend all success in the future, with the assurance of assistance from Sudan. He thanked Mr. Aluisio de Lima-Campos for his service and wished success to the new chair of the Standing Committee, Mr. Shalaby of Egypt. He looked forward to the 58th Plenary Meeting and said that he expected that the Committee would have many successes in the interim.

The delegate of SPAIN joined other delegations in thanking the Chair for the fruitful discussions during the week, and the hosts for their hospitality and warm welcome to the City of Santa Cruz, where he said he felt like being at home.

The delegate of GERMANY also expressed thanks to the Bolivian hosts. He offered special thanks to Dr. Shaw for his work in the past twelve years and looked forward to continuing the cooperation under the new Executive Director.

The ZIMBABWE delegation thanked the government of Bolivia and expressed satisfaction that decisions were reached by consensus. The delegate said the matters raised at the Meeting were very important to Zimbabwe and urged the Standing Committee and Secretariat to further efforts. He said goodbye to Dr. Shaw and welcome to Dr. Townsend, both good friends of Zimbabwe.

On behalf of his government, the delegate of PAKISTAN thanked the government and people of Bolivia for hosting the conference. He commended the ICAC Secretariat for their work in the meetings and technical seminar. He said Pakistan looked forward to working with Dr. Townsend as they had with Dr. Shaw.

The delegation of ARGENTINA thanked the government of Bolivia, ADEPA, the interpret-

ers and the ICAC Secretariat. The delegate expressed gratitude to the support staff for their welcome and amiability. He recognized the Chair and Vice Chairs. He wished success to Dr. Shaw in his future endeavors and to Dr. Townsend in his new function. He also wished success to the development of Bolivian cotton production for the benefit of the population and economy of Bolivia. He extended the friendship of the Argentine people to the Bolivian people.

AUSTRALIA supported fully the remarks of other delegations in expressing their congratulations and appreciation of the many aspects of what had been a most successful meeting. The delegate said Bolivia had created a great challenge for Australia to make ICAC 2000 as successful and memorable, and he thanked Bolivia for the challenge.

On behalf of his delegation and his colleagues from the cotton trade who were observers, the delegate of BRAZIL expressed heartfelt appreciation for the warm reception from the people of Santa Cruz. He congratulated ADEPA and the government of Bolivia for the smooth efficiency and excellent organization that was witnessed during the event.

The delegate of the USA expressed the sincere appreciation of his delegation for the extraordinary hospitality of which his colleagues had spoken so elegantly. He said he would long remember the warm and friendly people of Santa Cruz. He thanked the government of Bolivia, ADEPA and the Chair for a job well done, as well as all the others who had contributed to making the 57th Meeting most successful. He said he looked forward to hosting delegates in Charleston in a little more than a year's time.

The delegate of BOLIVIA closed the session. He thanked delegates for their kind words. He said that Bolivia was honored with their presence. He extended an open invitation to all to come back to Bolivia and offered to serve again as guides.

The session was adjourned at 12 noon.

Closing

Friday, October 16, 1998, 12:15 pm

The Master of Ceremonies said it was an honor to have such illustrious guests in Bolivia. She introduced Mr. Walter Núñez to give his remarks.

Mr. Núñez reviewed the work of the Plenary Meeting for the benefit of the President of Bolivia. He acknowledged the role of ADEPA in representing Bolivia at the ICAC. He expressed the wish for a better future for cotton.

Mr. Lima-Campos expressed formally the appreciation of delegations to the President of Bolivia. He said it was fitting to pay tribute to Dr. Lawrence Shaw. He asked the members of the Secretariat staff to join him on the platform and asked Dr. Shaw to receive the warm applause of the assembled delegations. He then asked Dr. Shaw to join him on the platform to receive from the President of Bolivia a token of the esteem of his friends at the ICAC. The President presented

an inscribed book of images of Bolivia to Dr. Shaw and invited him to return to the country.

Mr. Lima-Campos said delegates had had the opportunity to see the natural beauty of the country, which they had read about in poems, and to experience the hospitality of its people in person. He said delegations would leave Bolivia with great memories. He wished the country success in its regional economic development of cotton production. He told the President that

he was sure that delegates would dream of coming back to the country soon.

H. E. General Hugo Banzer formally closed the Meeting. He said the ICAC Meeting was the largest number of countries ever gathering in Santa Cruz and he expressed the gratitude of

Bolivia to them for coming. He took the opportunity of the closing of the Meeting to summarize what Bolivia is about, describing its geographic diversity and the wealth of its resources, which had only begun to be exploited. He said the law in Santa Cruz and Bolivia was hospitality and that he was personally glad to see each

and every delegate. He hoped that delegates had had a pleasant journey to the country and productive work. He told delegates that if they could come back to Bolivia he would receive them personally. With this offer, he declared the 57th Plenary Meeting closed.

Steering Committee

First Meeting

Monday, October 12, 1998, 10:45 am
Mr. Walter Núñez Rodríguez in the Chair

The SECRETARY GENERAL noted that the Government of Bolivia had nominated Mr. Walter Núñez, Vice Minister of Agriculture and Livestock, to serve as Chair of the 57th Plenary Meeting. He gave the Chair to Mr. Núñez.

The CHAIR introduced Mr. Aluisio de Lima-Campos, Chair of the Standing Committee of ICAC, who would serve as First Vice Chair; Mr. Juan Kuljis, Vice President of ADEPA, who would serve as Second Vice Chair; and Mr. Walter Justiniano, Vice President of the Cámara Agropecuaria del Oriente, who would serve as Third Vice Chair.

The CHAIR requested that delegates proceed with their work on the basis of consensus. He called on the Secretary General to present the work of the session.

The SECRETARY GENERAL noted that the Standing Committee had prepared an Agenda for the Meeting, which had been distributed. The CHAIR asked delegations for their comments. ARGENTINA proposed that the Agenda be adopted as presented. There being no other comments, the CHAIR declared the proposed Agenda approved.

The SECRETARY GENERAL said that the Standing Committee had proposed that the Rules and Regulations of the Committee be amended. He said the proposed amendment was found in Working Paper II and that it was agreed at the 56th Plenary Meeting that consideration of this change be the first item of business at the 57th Plenary Meeting. The CHAIR asked delegations for their comments on Working Paper II. Working Paper II is a Statement of the Meeting.

The delegate of ARGENTINA said his delegation had no problem with Working Paper II and its recommendation. However, he said, he wanted to know where in the Rules it was specified that the Chair of the Standing Committee had to speak only in English. The CHAIR asked the Chair of the Standing Committee to respond.

Mr. Lima-Campos said that he was happy to speak in Spanish but that the working language of the Standing Committee was English. The CHAIR said he was happy that the Chair of the Standing Committee could speak at this Plenary Meeting in Spanish, the language of Bolivia.

There being no other comments on the proposed amendment, the CHAIR found agreement for its adoption.

Second Meeting

Wednesday, October 14, 1998, 9:00 am
Mr. Walter Núñez Rodríguez in the Chair

The CHAIR invited Mr. Aluisio de Lima-Campos to present Working Paper III containing a recommendation of the Standing Committee to the 57th Plenary Meeting. Mr. Lima-Campos read Working Paper III, reporting that at its 433rd Meeting, the Standing Committee proposed the following slate of officers for the Standing Committee for the coming year: Mr. Alaa Eldin Shalaby, delegate of Egypt, as Chair; Mr. Paul Morris, delegate of Australia, as First Vice Chair; and Mr. Alfonso Pino, delegate of Spain, as Second Vice Chair. Working Paper III is a Statement of the Meeting.

The CHAIR asked delegates for their comments. The delegate of ARGENTINA requested approval of the slate and called for a round of applause for the new officers. The delegate wished the new officers much success in the coming year. He also bid farewell to the retiring officers, congratulated them for a job well done during the past year, and wished them every success in their future endeavors.

The delegate of ARGENTINA offered a proposal to facilitate compliance with decisions adopted by the Plenary Meeting and to facilitate the task of the host committee in organizing Plenary Meetings of the Committee. The delegate suggested that the Rules and Regulations of the Committee be modified to create two additional vice chair positions. The first and second vice chairs would continue to be elected as in current practice, but the third and fourth vice chairs would be appointed, one by the most recent Ple-

nary Meeting host country and one by the next Plenary Meeting host.

The CHAIR congratulated Mr. Shalaby as Chair, Mr. Morris as First Vice Chair and Mr. Pino as Second Vice Chair on their elections as new Standing Committee officers.

The CHAIR recognized the delegate of EGYPT who commended the efforts of the Chair and two Vice Chairs of the Standing Committee for their work during the past year. Noting that the newly elected Chair of the Standing Committee is the delegate of Egypt, he said that it is an honor for Egypt to have the confidence of the Plenary Meeting.

The CHAIR recognized the delegate of SPAIN who thanked the host organizing committee in Bolivia for their arrangements for the Plenary Meeting. He expressed his gratitude to the Plenary Meeting for his election as an officer and pledged to work hard. The delegate thanked Mr. Lima-Campos and the other officers during the past year for their fine work, and he also congratulated Mr. Shalaby and Mr. Morris on their election as new officers.

The CHAIR recognized the delegate of AUSTRALIA. The delegate thanked the other delegates for their support of his election as First Vice Chair, and he congratulated Mr. Shalaby and Mr. Pino on their election. He thanked Mr. Lima-Campos for his excellent contribution during the past year and reported that it had been enjoyable working under his leadership.

The CHAIR reminded delegates of the proposal of the delegate of Argentina and suggested that the proposal be given to the Secretariat for translation and distribution to permit informed discussion later in the week.

The delegate of INDIA applauded the role of the Chair of the Standing Committee, noting that his tasks during the past year had not been insignificant. The delegate congratulated the new officers and wished them well. The delegate said that the proposal of the delegate of Argentina sounded interesting. He suggested that the proposed change in the rules to add two vice president positions as officers of the Standing Committee include a provision to insure that developing countries are represented as officers.

The CHAIR repeated his suggestion that the proposal of Argentina, now combined with the recommendation of India, be provided to the Secretariat for translation and distribution and later discussion.

The CHAIR recognized the delegate of SUDAN who joined previous speakers in thanking the officers of the Standing Committee for their contributions during the past year, noting that excellent work had been accomplished. The delegate also expressed pleasure at the election of the new officers of the Standing Committee and hoped that they would meet with success in the coming year.

The CHAIR recognized the delegate of the PHILIPPINES who acknowledged the valuable work and guidance of Mr. Lima-Campos during the past year, and congratulated the incoming slate of officers. The delegate noted that the incoming officers had each been active in the Standing Committee during the past year and he wished them success in their work.

The CHAIR recognized Mr. Lima-Campos who thanked the delegates for their kind words. He said that his tasks as Chair of the Standing Committee had been made easy and pleasurable by the support of all delegates, including Mr. Shalaby, Mr. Morris and Mr. Pino. Mr. Lima-Campos thanked the Secretariat for their assistance and assured the incoming officers that their tasks would be made easier than they might think by the efficiency and productivity of the ICAC staff. Mr. Lima-Campos said that the ICAC was entering a new era with a new Executive Director and a new Standing Committee Chair who would play critical roles in pointing the ICAC into the 21st century. He offered the new officers his support and assistance.

The CHAIR invited Mr. Aluisio de Lima-Campos to present Working Paper IV regarding the selection of a new Executive Director. Mr. Lima-Campos read Working Paper IV, recommending that Dr. Terry Townsend be appointed as the fifth Executive Director of the International Cotton Advisory Committee for a two-year renewable term beginning January 1, 1999. Working Paper IV is a Statement of the Meeting.

The CHAIR recognized the delegate of INDIA who asked that the Steering Committee continue to meet in executive session to discuss Working Paper IV.

The CHAIR announced that the Steering Committee would continue its deliberations in executive session at 10:10 am.

The Second Meeting of the Steering Committee continued at 10:50 am. The CHAIR announced that after holding excellent discussions, the Steering Committee had made a unanimous decision to appoint Dr. Townsend as the new Executive Director beginning January 1, 1999.

The CHAIR invited Dr. Townsend to speak to

delegates. Dr. Townsend made the following statement:

“Thank you Mr. Chairman and delegates. I have had many, many wonderful experiences as an employee of the ICAC. Several years ago I had the opportunity to spend two weeks traveling through West and Central Africa, including three days driving across rural areas in Chad. During that trip I was able to meet and talk to farmers and watch as they spent hours compacting seed cotton into woven baskets to avoid the equivalent of a few cents worth of discounts on cotton delivered for sale. I have also traveled to large, mechanized farms in developed countries and have seen the anxiety on the faces of producers as falling cotton prices threatened their capital investments and livelihoods. I have been able to visit textile mills in many countries and know how complicated it is to turn cotton lint into yarn and can appreciate how narrow are the profit margins faced by spinners.

“I realize how important cotton is to millions of people around the world, and know that the jobs of members of the Secretariat, as well as of many people attending the Plenary Meeting, are dependent on the success of cotton producers, spinners and traders. The challenges ahead are to keep the ICAC relevant to the daily concerns of governments and industry participants, and to keep the work of the Secretariat useful and efficient. I look forward to working as a team with the Standing Committee and Coordinating Agencies to build membership in the Committee, to keep discussions interesting and focused on matters related to cotton, and to reflect equally the concerns of all, producers and consumers, developed and developing countries, exporters and importers. I look forward to leading the Secretariat and maintaining the ethic of pride-in-productivity developed under the current Executive Director.

“I want to thank Dr. Shaw for his leadership and for establishing a work environment that has enabled each of us to be successful. I also want to thank the Search Committee, the Standing Committee and the Plenary Meeting for their support and confidence. It is an honor to be selected as Executive Director, and I thank all of you very much.”

The CHAIR recognized the delegate of ARGENTINA who noted that this might be the last day to bid farewell to Dr. Shaw. The delegate noted that he had been present at the start of Dr. Shaw's tenure as Executive Director. Dr. Shaw has implemented many changes and has gathered a productive group of individuals. He has taken care of every problem and every single country. He has worked with objectivity, transparency and dedication. Because the new Executive Director has worked closely with Dr. Shaw for many years, there will be little need for an internship before the new director is fully capable. The

delegate offered his congratulations to the new Executive Director.

The CHAIR recognized Dr. Eugene Brock, delegate of SOUTH AFRICA, to present Working Paper V, a recommendation from a Small Group on Private Sector Participation in ICAC Affairs. Dr. Brock summarized Working Paper V, which is a Statement of the Meeting.

The CHAIR recognized the delegate of AUSTRALIA who voiced support for the proposal of the Small Group. The delegate noted that the proposal is consistent with the way Australia works to integrate the views of the private and public sectors. The delegate suggested that the proposal be modified to create a “Private Sector Advisory Panel” rather than a committee to avoid confusion over names.

The CHAIR recognized the delegate of ARGENTINA who noted that the second to the last paragraph in Working Paper V refers to participation of the cotton trade. The delegate wished to have the reference broadened to include all segments of the cotton industry.

The CHAIR recognized the delegate of the USA. The delegate supported the proposal of the Small Group, noting that the US government has long worked cooperatively with private industry to further the interests of commodity groups.

The CHAIR recognized the delegate of EGYPT who expressed overall support for the proposal on private sector participation. He noted that the economic reform programs being pursued around the world suggest that efforts to involve the private sector in ICAC deserve support. However, the delegate urged other delegates to not forget that the current mission of the ICAC is to disseminate information and to serve as a forum for discussion of matters related to cotton. The delegate felt that the Committee could serve as a forum for the private sector to express views on matters related to cotton, and that it would not be necessary to form a new committee focused on specific problems. The delegate supported the implementation arrangements for the Small Group proposal suggested by Australia, with members of the panel changing on an annual or biannual basis.

The CHAIR recognized the delegate of COLOMBIA. The delegate complimented the delegate of South Africa and the members of the Small Group on Private Sector Participation. The delegate expressed enthusiastic support for more participation by the private sector in the affairs of ICAC. The delegate urged that ICAC members be imaginative in finding ways to better reflect economic realities, noting that the close cooperation between industry and government in the USA had proven effective.

The CHAIR recognized the delegate of BRAZIL who supported the recommendations in Working Paper V.

The CHAIR recognized the delegate of the UK who thanked the Government of Bolivia for hosting the Plenary Meeting and thanked the Secretariat for the arrangements of the meeting, including the capable interpreters. The delegate thanked Mr. Lima-Campos for his work as Chair of the Standing Committee during the past year. The delegate noted that the UK country report had been distributed to all delegates. He drew attention to the work of UK-based institutions making a distinctive contribution to the world cotton industry, including the Liverpool Cotton Association, Cotlook Ltd., merchants such as Meredith-Jones, research organizations and the designers of the Templeton gin. The delegate supported the conclusions in Working Paper V, including the last paragraph about redefining the mission of the ICAC. In the 59 years since the Committee was founded, the world has changed. For instance, price support and other measures to cushion the contraction of the spinning industry in the UK are long gone. The delegate asked that the Secretariat be asked to prepare a working paper for the next Plenary Meeting on what ICAC's mission should be. His remarks are a Statement of the Meeting.

The CHAIR recognized the delegate of INDIA who voiced support for the proposal to have private sector participation in ICAC affairs, but cautioned that the basic character of ICAC as an intergovernmental advisory committee should not change. He added that progressive private sector involvement in the world industry is leading to a need for greater private sector involvement in the ICAC. The delegate supported the proposal of Argentina that the language of Working Paper V be expanded beyond the limits of just the merchant sector implied by the word trade to include all segments of the industry. The delegate also suggested that the authority to develop partnerships with the private sector as suggested in the second-to-last paragraph of Working Paper V be shared between the Standing Committee and the Secretariat. The delegate also agreed with the delegate of Australia that the name of the private sector organization suggested in Working Paper V be referred to as a panel rather than as a committee. The delegate suggested that there should not be more than one member from each country on the private sector panel, rather than two, and that developing countries should have a place on the panel.

The CHAIR proposed that the Steering Committee provide initial approval of the concept of greater private sector participation in the affairs of the ICAC as suggested in Working Paper V and that suggestions for implementation be discussed afterward.

The CHAIR recognized the delegate of AUSTRALIA who accepted the proposal by the Chair.

The CHAIR recognized the delegate of the PHILIPPINES. The delegate agreed with the

Chair regarding initial approval of Working Paper V. The delegate also supported the suggestion of the delegate of the UK that the Secretariat be asked to prepare a working paper for the next Plenary Meeting discussing the future role of the ICAC.

The CHAIR recognized the delegate of CHINA (TAIWAN) who supported the concept of private sector participation in the affairs of the ICAC.

The CHAIR recognized the delegate of JAPAN. The delegate supported the suggestion of the Chair to provide initial approval of Working Paper V. The delegate also said that ICAC should maintain its basic structure as an intergovernmental organization.

The CHAIR recognized the delegate of ARGENTINA who explained that increased participation by the private sector in the ICAC would be a positive development. However, it is important that the nature of the ICAC as an intergovernmental cotton body not change, he said. The delegate felt that it was important that participation in the private sector panel include all components of the cotton industry and not just the merchant sector.

The CHAIR recognized Dr. Brock, the chair of the Small Group on Private Sector Participation. Dr. Brock explained that the intention of the Small Group had always been to include the entire cotton pipeline in the private sector panel.

The CHAIR observed that there was consensus that the private sector panel would be inclusive of all sectors of the cotton industry. The Chair observed further that there was consensus to provide initial approval of Working Paper V, with the understanding that there would not be a change in the nature of the ICAC as an intergovernmental body.

The CHAIR called for discussion on the implementation of the proposal to create a private sector panel and recognized the delegate of AUSTRALIA. The delegate read a proposal on implementation of the recommendation in Working Paper V. The proposal is a Statement of the Meeting. Australia suggested that the panel consist of no more than ten members and that there should be no more than two from any one country, no more than three from any one continent, and no more than three from any one of three composite sectors; that provision should be made for one member with "special qualifications" who need not meet the above criteria. Australia envisaged two functions of the private sector panel: (1) to provide advice to the Standing Committee to ensure that the needs of the private sector be met in respect of the structure and agenda of Plenary Meetings, and (2) to guide the work of the Secretariat between Plenary Meetings.

The CHAIR recognized the delegate of INDIA who suggested that membership on the panel rotate every one to two years. India suggested

again that the Standing Committee be empowered to enter into partnerships with the private sector.

The CHAIR recognized the delegate of AUSTRALIA who supported an earlier proposal by the delegate of the UK that the Secretariat prepare a working paper on a new vision for the ICAC.

The CHAIR recognized the delegate of CHINA (TAIWAN) who supported the proposal to establish a private sector panel. The delegate wondered whether the Australian proposal to limit the panel to ten members was necessary. The delegate suggested that the private sector panel could decide for itself when and how often it might be appropriate to meet, with perhaps one meeting held back-to-back with the Plenary Meeting. The delegate suggested that the chair of the Standing Committee could be co-chair of the private sector panel.

The CHAIR observed that the Standing Committee could resolve procedural matters regarding implementation of the recommendations in Working Paper V, such as number of members and frequency of meetings.

The CHAIR recognized the delegate of AUSTRALIA, who agreed that it would be appropriate to leave the details of implementation to the Standing Committee.

The CHAIR recognized the delegate of INDIA. The delegate agreed to allow the Secretariat and the Standing Committee to work out the details of implementation, but that approval of the decisions should be brought back to the Plenary Meeting.

The CHAIR recognized the delegate of EGYPT who agreed that the Plenary Meeting should be able to review the details of implementation suggested by the Standing Committee.

The CHAIR recognized the delegate of GERMANY who supported the proposals in Working Paper V and asked that the Executive Director and the Standing Committee decide the details of implementation.

The CHAIR noted that the spirit of allowing increased private sector participation in the affairs of ICAC would not be fulfilled if another year passed without implementation of the suggestions in Working Paper V. The Chair suggested that the Standing Committee prepare its recommendations within 90 to 120 days for review by delegations.

The CHAIR recognized the delegate of INDIA who expressed concern over the nature of private sector participation in the ICAC and felt a need to review the decisions of the Standing Committee before implementation. The delegate noted that the private sector already participates in Plenary Meetings as observers.

The CHAIR recognized the delegate of SOUTH

AFRICA who said that every organization must change in its lifetime and that the ICAC must change or lose relevance. He urged delegates to move proactively to approve private sector participation in the Committee.

The CHAIR observed that the Rules and Regulations of the Committee state that the Plenary Meeting always has the right of review of Standing Committee decisions. He observed that the Committee is in a learning process regarding private sector participation and noted that there are structural limitations to having the private sector participate as observers. He repeated a suggestion that the Standing Committee be asked to prepare a paper on implementation of Working Paper V within 90 days.

The CHAIR recognized the delegate of EGYPT. The delegate suggested that the Standing Committee should determine how to implement Working Paper V and begin the process of working with the private sector, and that the subject of private sector participation in the affairs of the ICAC be a topic of discussion at the next Plenary to review the experience of the first year.

The CHAIR recognized the delegate of INDIA. The delegate emphasized that it was necessary to consult with governments before implementation of the proposal in Working Paper V should proceed.

The CHAIR recognized the delegate of ARGENTINA who observed that the agenda of meetings of the Standing Committee is published well in advance. Member countries might wish to send delegates to Standing Committee meetings when the subject of private sector participation is discussed.

The CHAIR recognized the delegate of AUSTRALIA who noted that the Rules and Regulations provide for review of all Standing Committee decisions by the Plenary Meeting and suggested that the Steering Committee should endorse the establishment of a private sector panel to assist the Standing Committee in its work.

The CHAIR recognized the delegate of TURKEY who endorsed the recommendation to form a panel to incorporate the participation of the private sector in the work of the Committee, leaving implementation to the Standing Committee.

The CHAIR recognized the SECRETARY GENERAL who said that according to the Rules and Regulations it is within the authority of the Committee to establish a new panel. If it is thought wise to incorporate the private sector panel permanently in the Rules of the Committee, it might be advisable to ask the Standing Committee to make such a proposal to the next Plenary Meeting.

The CHAIR recognized the delegate of INDIA who expressed concern that the decisions of the Standing Committee be implemented only after

member countries had had an opportunity to fully review the proposals.

The CHAIR recognized the SECRETARY GENERAL who explained that all Standing Committee meetings are preceded by a published agenda circulated in advance to all governments, along with all working papers and proposals. A working paper incorporating the suggestions made here could be circulated universally, and delegates to the Standing Committee would then be able to comment based on instructions from their capitals. The Secretary General said that the normal operating procedures of the Standing Committee provide governments with complete assurance that their views will be considered.

The CHAIR recognized the delegate of INDIA who observed that some delegates to the Standing Committee are not well informed on matters related to cotton. He said that he had not received any papers in time for any Standing Committee meeting.

The CHAIR recognized the delegate of CHAD who said that it is important to preserve the integrity of the ICAC as an intergovernmental organization. He added that many developing countries do not have delegates in Washington who participate actively in the Standing Committee.

The CHAIR asked for additional comments and saw that no countries were asking to speak.

The CHAIR observed that there was a consensus that the proposal for the formation of a private sector panel as envisioned in Working Paper V, to advise the Standing Committee, be approved; that implementation of the recommendation be referred to the Standing Committee; and that the views of all governments be considered prior to the establishment of a private sector panel.

The CHAIR recessed the Second Meeting of the Steering Committee at 1:00 p.m.

The CHAIR reconvened the Second Meeting of the Steering Committee at 5:15 p.m.

The CHAIR invited the SECRETARY GENERAL to present Working Paper VI on the work program of the Secretariat. The Secretary General summarized Working Paper VI, which is a Statement of the Meeting.

The CHAIR asked for comments and recognized the delegate of AUSTRALIA. The delegate supported the work program outlined in Working Paper VI but asked that the Secretariat also complete a study of government measures affecting the production, ginning and trade of cotton. The delegate's proposal is a Statement of the Meeting.

The CHAIR recognized the delegate of EGYPT who agreed to accept the Australian proposal, but wanted to verify that the Secretariat had the

capacity to complete this study without seeking additional resources.

The CHAIR recognized the SECRETARY GENERAL who offered his opinion that the proposed study was within the capacity of the Secretariat to complete.

The CHAIR recognized the delegate of the UK who repeated a suggestion that the Secretariat be asked to prepare a working paper on the future of the ICAC.

The CHAIR recognized the delegate of the PHILIPPINES who supported the UK suggestion.

The CHAIR recognized the delegate of SPAIN who questioned whether the Australian proposal for a Secretariat study of government measures affecting cotton was appropriate, given that the topics of subsidies and trade barriers will be studied as part of the next round of GATT discussions. The delegate was concerned that the ICAC involvement might interfere with the work of other international organizations. However, the delegate noted that if the ICAC study was to be used for review within the Committee, then he had no objection to the Australian suggestion.

The CHAIR recognized the delegate of INDIA. The delegate said that it was necessary to provide a clear mandate to the Secretariat regarding the study on government measures affecting cotton. He suggested that the Secretariat might make better use of information technology to communicate with member countries. He also noted that the Secretariat had provided partial support to 25 researchers to attend the World Cotton Research Conference in Greece, and he asked how the researchers were chosen and how the Committee had gained.

The CHAIR recognized the SECRETARY GENERAL who reported that the Committee had conducted a research associate program for about 50 years, that each member country had been asked to nominate candidates for the 1998 program and that it had been possible to provide partial support to two persons from each country that applied. The participants had been asked to submit papers to the research conference, and the ICAC had gained in its mission to improve communication among cotton researchers around the world, a mission identified by the Committee in 1980.

Regarding the Australian proposal for a study of government measures affecting cotton, the CHAIR suggested that the study be limited to a description of measures employed by countries and the impacts of those measures on the cotton market. The Chair observed that the Secretariat would not be asked whether certain government measures are appropriate or legal under GATT and WTO rules. The Chair suggested that the Standing Committee make a final determination of the scope of the study and that the Secretariat

report to the Standing Committee on progress in performing the study.

The CHAIR recognized the delegate of the USA who supported the proposals of Australia and the UK.

The CHAIR recognized the delegate of TURKEY who said he had no objection to the Australian proposal. The delegate noted that the Secretariat had completed a set of similar studies earlier, which had been of great benefit to the Committee. The delegate noted that ICAC is the forum for discussion of cotton matters, and that the particular character of cotton meant that general studies of commodity programs by other international organizations were not always appropriate to cotton.

The CHAIR recognized the delegate of SOUTH AFRICA who supported the Australian and UK proposals.

The CHAIR recognized the delegate of INDIA who emphasized that it was not useful to have the ICAC Secretariat trying to comment on whether certain government policies are WTO compatible.

The CHAIR observed that there was a consensus to have the Secretariat complete the studies suggested by the UK and Australia. Regarding the study of government measures affecting cotton, there was a consensus that the Secretariat study would be limited to a description of measures and their effects on the cotton industry; the Secretariat would not be asked to make value judgements or to determine whether measures are appropriate or GATT and WTO compatible.

The CHAIR recognized the delegate of the USA who noted that one subject of the Secretariat study of government measures might be the US Step 2 program. He pointed out that the Secretariat's analysis indicated that the Step 2 program is having little effect on international cotton prices this season because of the shortage in US supplies, and further that the program will end in several months.

The CHAIR recognized the delegate of the PHILIPPINES who observed that the Secretariat has done studies of the sort proposed by Australia in previous years, that the studies had been useful, and he supported Australia's proposal.

The CHAIR asked delegates if there were other matters to discuss.

The CHAIR recognized the delegate of the UK who suggested that all working papers prepared for each Plenary Meeting be translated into all the working languages of the Committee.

The CHAIR recognized the delegate of EGYPT who supported the UK suggestion.

The CHAIR invited comment from the SECRETARY GENERAL who referred to the Rules and Regulations of the Committee. The Rules indicate that the Standing Committee shall determine

which documents are to be printed in all languages, taking into consideration the usefulness and cost of the documents. The Secretary General suggested that the Steering Committee might wish to refer this matter to the Standing Committee for further consideration.

The CHAIR recognized the delegate of BELGIUM who noted that there were financial implications of the UK proposal and agreed with the Secretary General that it would be best to have the Standing Committee study the matter before making a decision.

The CHAIR observed that there was a consensus that it was important to have all working papers translated if possible and that the Standing Committee should take this view into account when making decisions for the next Plenary.

The CHAIR asked if delegates had other business to discuss. Seeing that no other delegates wished to speak, the Chair adjourned the Second Meeting of the Steering Committee at 6:00 pm.

Third Meeting

Thursday, October 15, 1998, 8:20 am
Mr. Walter Núñez Rodríguez in the Chair

The CHAIR noted that this extraordinary session of the Steering Committee had been called to analyze the proposals from Argentina and India to amend the Rules and Regulations regarding the election of officers of the Standing Committee. The proposals are Statements of the Meeting. He said the delegate of Argentina had proposed adding two institutional officers representing the Plenary Meeting past and future host countries to follow up on tasks and mandates of the Plenary Meeting. He asked the Secretary General to read the proposals. After their reading, he asked delegates for their comments.

The delegate of ARGENTINA noted that the Advisory Committee had the authority to amend the Rules but, in order to be consistent with past procedure of referring such changes to the Standing Committee and in order to prevent hasty action which might later have to be undone, he proposed that the Plenary Meeting proceed in an ad hoc manner to create the positions, allowing the Standing Committee to consider making a formal proposal to the next Plenary Meeting after careful consideration of all member countries.

The delegate of BELGIUM noted that the proposal from Argentina raised a number of questions of mechanics. He compared it to the troika arrangement of the European Union, which was useful because of the need for a political follow-up. He said this need did not exist in the ICAC. He said he was also concerned about

budgetary implications. The delegate commented that the process of meeting the requirements for rotation placed restrictions on the Standing Committee which might tie its hands, as the choice of officers is much more limited than one might assume, given the many duties of Washington representatives. He said Belgium was not in favor of modifying the Rules.

The delegate of EGYPT said his delegation would like to keep the status quo. He said it was possible to have coordination without having two new officers.

The delegate of AUSTRALIA shared the concerns of Argentina for a close integration of Plenary Meetings with the on-going work of the Standing Committee. He noted the countries hosting the Plenary Meeting for the next four years were present at the Meeting and in consultation with each other and the Secretariat. He expressed concern that the same person would, in the case of Australia, be serving next year as Chair and Fourth Vice Chair. He said his delegation could not support the proposals of Argentina and India or any interim arrangements that might be considered.

The CHAIR said he found no difficulty in the Standing Committee having two representatives from the same country. He said the proposal of Argentina was to allow a space within the Standing Committee that will permit a better organization of Plenary Meetings.

The delegate of BOLIVIA supported the proposal of Argentina, which he considered to be healthy. He noted that in many cases, there is no follow up of past Plenary Meetings.

The delegate of SPAIN viewed the compromise solution by Argentina to make appointment of these officers on an ad hoc basis to be acceptable.

The delegate of EGYPT said he wished to make two remarks. First, too much time in this Meeting is being allotted to administrative matters. He said the Advisory Committee had been critical of the Standing Committee for spending too much time on administrative matters and now the Advisory Committee was doing the same. Secondly, he said the proposal was giving the Standing Committee more duties and creating an army of generals.

The delegate of TURKEY noted the procedure in another international organization to synchronize the election of the Chair of the organization with the holding of the annual meeting, so that the same country held both positions. He said it was his view that there was no need for a vice-chair from a host country once a Plenary Meeting had been held.

The CHAIR called on the First Vice Chair to make a suggestion. Mr. Lima-Campos proposed that the Plenary Meeting form a committee, which would be composed of representatives of

the Standing Committee, in which all the past and future organizers of Plenary Meetings could come together for the purpose of advising the organization.

AUSTRALIA supported this proposal. CHAD agreed with Egypt that there was a need to move ahead with more substantive business and supported the proposal, as it appeared to achieve the coordination envisioned in the Argentine amendment. The USA added its support to the proposal and said his delegation, as host of the next meeting, would appreciate the advice of other countries. EGYPT, SUDAN and BELGIUM added their support.

The CHAIR found agreement for accepting the suggestion of the First Vice Chair.

The delegate of EGYPT asked that the study of the work of the Plenary Meeting contain the full report of the Plenary Meeting, so that it can benefit from this meeting.

There being no other matters to discuss at the session, the CHAIR adjourned the Third Meeting of the Steering Committee at 9 am.

Fourth Meeting

Friday, October 16, 1998, 9:20 am

Mr. Walter Núñez Rodríguez in the Chair

The CHAIR, in opening the session, said he hoped delegates had had a productive day and enjoyable evening on Thursday. Referring to the Agenda, he asked Mr. Juan Kuljis, who had been elected Chair of the Committee on Cotton Production Research, to report on the Technical Seminar which had been held on October 15. His report is attached.

The CHAIR noted that the report was before delegates for approval. The delegate of BRAZIL corrected language in the reference to his company's practices in providing incentives to gin workers to remove polypropylene strings. With this amendment, the CHAIR found agreement for the acceptance of the report.

The delegate of ARGENTINA addressed the meeting as the president of ALIDA, the Latin American Association for the Development of Cotton. He reported that the seventh meeting of the association would take place in mid-1999 in Santa Cruz de la Sierra, at the invitation of ADEPA, the Bolivian association of cotton producers. He noted that ADEPA had knowledge and experience in cotton in the broadest terms, from production to marketing. Mr. Ricciardi invited not only the member countries of ICAC but also all participants to send their representatives. He said the Meeting would coincide with the 30th anniversary of ADEPA.

The CHAIR said persons attending the ALIDA meeting would receive the same welcome as the one they received at the Plenary Meeting.

The CHAIR asked Mr. Julian Ebsworth of the United Kingdom, who had been elected chair of the drafting group, to report on the group's work.

Mr. Ebsworth noted that delegates had met for more than three hours the previous evening and had been successful in drafting a statement of the Meeting, which had been prepared in the early hours of the morning. He made two corrections to the text, which had been distributed.

The delegate of ARGENTINA said he was of the opinion that, because of the corrections, the text should be read for the benefit on non-English speakers. The CHAIR asked the Secretary General to read the statement. Following its reading, the CHAIR placed it before delegates for their adoption. Seeing no comments from delegates, he declared the Statement approved.

The CHAIR next called on the delegate of the USA, the host of the next Plenary Meeting, to inform delegates of its date and location.

The delegate of the USA said on behalf of the government of the USA, especially the US Department of Agriculture and the National Cotton Council, it was a pleasure to invite the ICAC to join them in Charleston, South Carolina, the week of October 25 for the 58th Plenary Meeting. He noted that South Carolina had revitalized its cotton sector and that there would be opportunities to see cotton harvesting, ginning and other processing activities. The meeting would be held, he reported, in the historic district of the City of Charleston in a pleasant and interesting environment.

The US delegate was also happy to report that the United States had accepted the offer of Dr. Rodolfo Greminger Duran, President of ADEPA, to serve as a special advisor in the organization of the Meeting. He said the United States looked forward to hosting delegates next year.

The delegate of BOLIVIA, on behalf of ADEPA and his government, thanked the United States for inviting ADEPA to assist in organizing the 58th Plenary Meeting and assured the US delegation that ADEPA was willing to assist it with all its requirements.

Following Dr. Greminger's comments, the CHAIR adjourned the Steering Committee at 10:15 am.

ATTACHMENT

Report of the Chairman of the Committee on Cotton Production Research

Ing. Juan Kuljis Dracic

Mr. Chairman, ladies and gentlemen, it was a great pleasure and honor for me to chair the

meeting of the Committee on Cotton Production Research of the ICAC. In the meeting, which continued for four-and-a-half-hours, we discussed summaries of the World Cotton Research Conference-2, cotton contamination, and decided a topic for the 1999 Technical Seminar.

In the last four days, we have heard about the World Cotton Research Conference-2 many times. A report from the Secretariat to the Committee on Cotton Production Research and highlights of the work presented by five speakers showed that it was a very successful and useful conference. The World Cotton Research Conference-2 was held in Athens, Greece, from September 6-12, 1998, sponsored by ICAC, FAO, CIRAD of France, the Natural Resources Institute of the UK, the World Cotton Research Conference-1 Committee, the Hellenic Cotton Board, the Greek Ministry of Agriculture and the National Agriculture Research Foundation of Greece. 620 researchers from 46 countries participated. Over 300 papers were presented in the Conference. Zimbabwe and CIRAD have offered to host the World Cotton Research Conference-3.

Summaries of the WCRC-2

Dr. Ahmed Saleh Fadlalla of Sudan presented a report on behalf of Dr. M. S. Kairon of India on the breeding work presented in Athens. 72 oral and 29 poster presentations were made on various aspects of breeding and genetics. The use of RAPD, RFLP and AFLP was discussed with regard to molecular characterization of genotypes and identification of markers. Many other papers relating to genetic diversification of the germplasm, including sources of cytoplasmic male sterility, genetics of fiber characters, commercial heterosis, varietal resistance to leaf curl disease and multi adversity resistance were presented. According to the report prepared by Dr. Kairon, exchange of information at the WCRC-2 will help in improvement of research programs in various countries.

Dr. Kater Hake of the Delta and Pine Land Company from the USA reported that the use of genetically modified organisms (GMO) is increasing every year. Bt cotton was grown on about 826,000 hectares in 1996, 1.5 million hectares over 1997, and is expected to be grown over 3 million hectares—about 10% of the world cotton area—in the current season. In addition to Australia and the USA, Bt cotton will be grown on a commercial scale in 1998 in Argentina, China (Mainland), Mexico and South Africa. Dr. Hake referred to the diversity in the available traits and informed participants that now Bt cotton is available in okra leaf shape, gossypol free. In the work presented at the WCRC-2, it was mentioned that some of the new technologies included combined bombardment (gene gun + agrobacterium), a pollen bombardment system and the development of haploid plants and hybrid Bt toxin. Dr. Hake opined that either mas-

sive government funding or collaboration with institutions that own such genetic engineering technologies is needed for the expansion of GMOs.

Dr. Derek Russell of the UK extensively covered the management of insect pests. Dr. Russell stated that IPM is still the dominant philosophy but has not affected insecticide use limiting biological control, though some countries do have significant success. On Bt cotton he reported that the Bt gene has proved successful against bud and bollworms but not leaf-feeding insects. Dr. Russell stated that though pheromones are only available for pink bollworm there are a number of new chemistries coming up for insect pest management. He also stated that there is not enough research going on in spray machinery. On diseases, Dr. Russell made mention of the leaf curl disease which has caused enormous losses in Pakistan and is spreading in India. He referred to the ICAC/Common Fund for Commodities project which is rapidly progressing toward the development of virus resistant genotypes. On weeds, Dr. Russell observed that minimum and zero tillage might increase the need for chemical weed control.

Dr. Urania Kechagia of Greece, reporting on fiber technology, stated that 35 papers were presented on various aspects of fiber testing and improvements in processing methods. According to Dr. Kechagia, development of "Intelligen" will not only be limited to on-line monitoring of the ginning process and to making adjustments accordingly, but it will lead to the development of less aggressive and more effective machinery and processes. Some of the other work presented at the Conference was related to development of reference strength testing methods, understanding fiber to fiber variation, separate measurement of maturity and fineness and investigation of new quality parameter measurements.

Dr. Kiratso Kosmidou, who also served as Chair of the Organizing Committee of the WCRC-2, presented a summary of physiology and agronomy papers. She stated that about 25% of all the papers presented at the WCRC-2 were in the discipline of agronomy and physiology, in addition to three plenary papers. The papers covered a wide range of research results including cropping systems, yield stagnation, weed control, tillage operations, bad quality of irrigation water, soil salinity and genotypic efficiency to fertilizer nutrients. A number of papers were presented on remote sensing and simulation models, modern tools to monitor plant growth and reaction to growing conditions.

During discussions participants acknowledged the efforts made by the Organizing Committee and the Scientific Committee in making this conference a success. It was observed that contributions made by Dr. Kiratso Kosmidou, Chair of the Organizing Committee, and Dr. Urania

Kechagia, in charge of the scientific program, deserved applause from ICAC.

Responding to a question relating to the collaboration with biotech companies, Dr. Hake quoted two examples where Delta and Pine Land Company had had a very successful cooperation with government agencies. In Argentina, cooperation between INTA and Monsanto resulted in the development of a Bollgard + Roundup Ready variety which is ready to be tested in Argentina in the current season. Two years of negotiations in Zimbabwe and discussions in South Africa are other examples of private sector and government collaboration in the utilization of Bt technology. Dr. Hake said similar cooperation could be extended to other countries.

Contamination

The second part of the Technical Seminar had five papers on contamination.

Mr. Daniel Duran, Technical Manager of ADEPA, briefly reviewed cotton production conditions in Bolivia and termed Bolivian cotton a "virgin cotton" because its original characteristics are maintained during picking and ginning. Rainy weather continues until the initiation of harvesting, and insect contamination is not a problem, he said. According to Mr. Duran, proper ginning has a great effect on the value of cotton. He strongly recommended that humid or wet cotton not be picked as it aggravates the contamination problem. Mr. Duran was very particular about the ginning process and said that excessive ginning for the sake of a better grade should not be done. He referred to ADEPA's activities and recommended observing some fundamental ginning principles like recommended humidity levels, regular maintenance and adjustments in the machinery according to the cotton being ginned.

Mr. Timothy Pearson of Brazil presented a paper on behalf of the International Textile Manufacturers Federation (ITMF) but he also shared his personal experiences of dealing with contamination, first as a trader and then as a spinner. He said that they supplied non-polypropylene strings for tying bags and attempted to give an incentive to gin workers to collect polypropylene strings. He said that introduction of machine-picking has minimized the polypropylene problem. ITMF undertakes a survey of cotton contamination every two years and according to the 1997 report, 18% of the world production was moderately and seriously contaminated in 1997 as against 13% in 1989. Cotton from India, Pakistan and Turkey had higher contamination compared with other countries. Stickiness and seed coat fragment problems have improved over 1995, he said.

Dr. Dean Ethridge categorized contamination as mechanical or biological and listed ten important types of contaminants. He agreed that trash, entomological sugars, foreign objects and ma-

terial, and dust or dirt are more important although textile manufacturers increasingly view short fiber content, immature fibers and neps as contaminants. But on testing methods he stated that currently three distinct electro-optical technologies are being tried. Giving the latest situation on these technologies, he individually referred to different equipment machines in commercial use and counted their capabilities to assess different contaminants. No equipment is yet available for measuring foreign objects and material. He also mentioned that recent developments and further improvements in the instruments, such as the Premier RapidTester, Fiber Contamination Tester and High Speed Thermodetector, will add to the accuracy and verification of contamination results.

Dr. Jean-Luc Hofs of the CIRAD-CA based in Bolivia reported on a new machine called "Trashcam" for testing seed coat fragments. According to Dr. Hofs, formation of seed coat fragments is a variety dependent characteristic. Some varieties result in higher seed coat fragments than others ginned on the same machine and under the same conditions. The differences could be ten-fold. Breeders can screen the early generation breeding material on Trashcam and accordingly select or reject a breeding line. Trashcam results coincided with the results from UT3 Zellweger-Uster already in use to measure neps due to seed coat fragments.

Mr. Itsuo Fukai of Japan speaking on behalf of consuming countries stated that some contaminants could not be detected until after the finished product. Undetectable contamination including stickiness result in huge losses to the industry. He believed that most contamination originates from material used in cotton production and transportation operations. He suggested that any material that could become a cause of foreign matter should not be used in production operations. Stickiness should be avoided through complete control of insects. He also proposed that contracts should have a penalty clause against contamination.

Mr. Sheg-Fu Chiu presented a brief summary of the paper prepared by Mr. Steven Chen of China (Taiwan). Mr. Chiu, quoting an experience of a local spinning mill, concluded that four out of every ten bales had some kind of contamination. Mr. Chiu observed that foreign matter originates during picking, ginning and handling of cotton and creates a complex of problems in addition to increasing operational costs for spinners. He urged agriculture departments in cotton producing countries to take appropriate steps to produce clean cotton.

During the contamination discussion, the delegate of France cautioned that the ITMF data should be used very carefully. He stated that it is a random sample survey based on a varied number of samples. He also showed reservations on the classification of contamination includ-

ing stickiness. The delegate of Pakistan informed participants that they had selected 30 ginning factories for the production of contamination-free cotton. The same program, he said, will be ultimately extended to all ginning factories.

Topic for the 1999 Technical Seminar

On the topics for the 1999 Technical Seminar, four topics proposed by the Secretariat and a proposal made by the delegate of Australia, relating to advances in cotton ginning and ginning

related research, were considered. Three topics that were considered more extensively included Fiber Quality Needs of the Modern Spinning Industry, Reducing the Cost of Production of Cotton, and Advances in Ginning and Ginning Related Research. More than one country supported each of the three topics. However, keeping in view the preference of the United States, host of the 58th Plenary Meeting, it was unanimously agreed that "Fiber Quality Needs of the Modern Spinning Industry" will be the topic of

the 1999 Technical Seminar. However, it will include papers on ginning. Realizing the fact that cotton yields are not increasing in the world and pressure is scaling on production cost/kg of lint, the Committee on Production Research also recommended that "Reducing the Cost of Production of Cotton" be discussed in plenary sessions.

The full text of papers delivered at the Technical Seminar of the Committee on Cotton Production Research is published separately.

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WORKING PAPERS

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III Election of Officers of the Standing Committee	Election du bureau de la Commission permanente	Elección de Funcionarios del Comité Permanente
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¹ Available in Arabic, English, French, Russian and Spanish.
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