



INTERNATIONAL COTTON ADVISORY COMMITTEE

1629 K Street NW, Suite 702, Washington DC 20006 USA

Telephone +1-202-463-6660 • Fax +1-202-463-6950 • email: secretariat@icac.org



FINAL

December 11, 2015 (11:10AM)

Statement of the 74th Plenary Meeting “From Farm to Fabric: The Many Faces of Cotton”

1. The International Cotton Advisory Committee (ICAC) met in Mumbai, India, from December 7 to 11, 2015 for its 74th Plenary Meeting since the establishment of the Committee in 1939. The meeting was attended by 398 persons, including representatives from 28 Members, 9 international organizations and 13 nonmember countries.
2. **Cotton production falls below demand.** The Secretariat reported that, after five consecutive seasons of excess supply, overall production had fallen below the estimated consumption in the 2015/16 season. World stocks remain at very high levels. International prices remain weak. Cotton demand continues to expand at a slow rate as a result of sluggish world economic growth and strong competition from synthetic fibers, especially polyester.
3. **Government support measures reach record levels.** In its report on government support to cotton, the Secretariat estimated that assistance reached US\$10.4 billion in 2014/15, the highest level since data began to be compiled in 1997/98. Large stocks accumulated as a result of government intervention from 2011/12 to 2014/15 would remain the key factor in determining the fundamentals of the cotton market for the foreseeable future.
4. **Promotion of demand for cotton requires a multifaceted approach.** In order to improve the prospects for cotton, the Committee endorsed the recommendations received from the Private Sector Advisory Panel, including:
 - Members should ensure that fiber-content labels on textile products be more visible, in order to allow consumers to make informed choices and also promote transparency in the supply chain;
 - The Secretariat should conduct a study on the economic factors underlying the growth of polyester production and demand, thus enabling Members to better understand the dynamics of competition among fibers; and
 - Members should continue to approach the cotton sector in a holistic manner, by implementing measures to encourage an increased diversification of the uses of cotton, including composites and technical textiles, and a wider use of cotton by-products throughout the value chain, to add value to the sector.
5. **Need for measures to facilitate international trade.** The Committee endorsed the recommendation received from the Private Sector Advisory Panel (PSAP) regarding the need to standardize phytosanitary certificates and recommended that the Secretariat work with Members to raise awareness of this issue within the World Trade Organization. The PSAP also noted that requirements for fumigation of cotton varied widely among countries

and instructed the Secretariat to obtain further information on possible ways in which to reduce such differences.

6. **Enforcement of arbitration awards must be improved in order to promote the economic sustainability of the world cotton trade.** The Committee was informed that, although contractual disputes had decreased in the last year, improvements are required in the enforcement of arbitration awards. All members of the Committee are signatories of the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (commonly known as the New York Convention), but claimants are often unable to get their awards enforced. This was having a negative impact on cotton trade and consumption. Members were reminded of their obligations to ensure full compliance with the terms of the New York Convention. Suggestions included ensuring judges are trained in the application of foreign arbitral awards and making sure that duly constituted commercial courts have the necessary expertise for achieving settlement in a timely and efficient manner.
7. **ICAC Members urge progress in negotiations at the World Trade Organization.** A representative of the World Trade Organization presented a summary of the current situation regarding cotton in that body. The ICAC reaffirmed its support for a multilateral trading system under the aegis of the WTO. WTO members had committed themselves to treat cotton “ambitiously, expeditiously and specifically”. The 10th Ministerial Conference of the WTO, which will be held in Nairobi in December 2015, constituted a key opportunity to demonstrate concrete progress in the removal of government measures that distort the production and trade of cotton.
8. **Sustainability indicators begin to be tested.** The Committee received a report from its Expert Panel on the Social, Environmental and Economic Performance of Cotton Production (SEEP) that highlighted field testing of the indicators and framework contained in the joint ICAC/FAO publication “Measuring sustainability in cotton farming systems: Towards a guidance framework”. The Committee commended this work and recommended that the SEEP Panel continue to coordinate and monitor the testing of the indicators and guidance framework. The framework, however, should remain a tool to be adapted to the reality of each country. The Committee also noted the increasing use of Life Cycle Assessment-based tools to assess the performance of cotton and that of other raw materials (such as man-made fibers and wool) used in the textile and apparel supply chain. A need exists to evaluate how these tools are being used, as well as their potential impact on cotton farmers and on the cotton supply chain.
9. **Sustainability grows in importance for retailers and consumers.** The Committee appreciated a panel discussion on the views on cotton of retailers, which revealed that the fashion and home textile sectors have ambitious goals in terms of sustainable sourcing. Their customers increasingly demand information about the sustainability of the products they purchase. Concerns about sustainability, including transparency and traceability, will become more relevant over time.
10. **Reduction in use of insecticides.** During the Technical Seminar on “Elimination of Insecticides from Cotton Production: Is this Possible?”, the Committee received expert

reports. Some experts expressed confidence that cotton can be successfully grown without insecticides; other experts stated that it was not yet possible and noted the importance of Integrated Pest Management (IPM). Encouraging statistics were presented on reduced insecticide use, especially through IPM techniques, in many countries. It was observed that cotton has a much higher yield potential in certain cases than is currently realized. Improved cotton varieties are important, but the interaction between variety and management is vital for realizing optimum yields. While the role of biotechnology approaches will continue to expand in the future, breeding will not lose its significance. Molecular marker-assisted breeding is being adopted and the genetic engineering of photosynthesis has great potential for improving yields on the physiology side. Insecticide use may lead to various consequential results, including: increased use of insecticides due to resistance; reduced reliance on natural biological control; emergence of new pests. A system approach is needed that encourages the use of ecological options. Many non-chemical insect control options, including biological management, are available that are simple and easy to apply, but which must be used on an area-wide basis.

11. **Climate change is affecting cotton production.** Several countries reported that weather patterns are becoming increasingly unstable as a result of climate change, with consequent impacts on cotton production. Members welcomed the news that the Secretariat had commissioned a special study on climate change and cotton production in modern farming systems. It was noted that measures to increase soil organic matter can help maintain long-term soil fertility, while at the same time contributing to climate change adaptation and mitigation. Members further noted that a positive outcome at the Paris Climate Change Conference would be a desirable step to attenuate the ongoing effects of climate change.
12. **Additional research into mechanized harvesters for smallholders was required.** A session on mechanized harvesters for use in small landholdings revealed that commercially viable machines are in advanced stages of development in some countries but not yet widely available. The Committee noted that the decrease in availability of rural labor means that further investigation into practical solutions, such as mechanical harvesting, was required.
13. **Amendments to statutes enable the accession of the European Union.** The Steering Committee approved amendments to the Rules and Regulations of the ICAC that will enable the accession of the European Union as a single member. During the first semester of 2016, the Standing Committee will negotiate transitional arrangements and deal with other outstanding issues with the EU, in order to enable accession of the same at the beginning of the 2016/17 fiscal year. ICAC members expressed their satisfaction with the possibility of EU membership, which would strengthen their organization.
14. **Improved statistics are crucial for better decision-making.** A breakout session on the collection, compilation, analysis and dissemination of cotton statistics generated a wide-ranging discussion of ways in which to improve their reliability and availability. Government and the official data will remain the primary source of data on the overall performance of cotton. Accurate and timely statistics are vital for informed decision-making.

15. **Topic of the 2016 Technical Seminar.** ICAC members approved the recommendation of the Committee on Cotton Production Research that the 2016 Technical Seminar should be dedicated to the topic of “Emerging Pests in Cotton and their Control”.
16. **World Cotton Research Conference.** The Committee received a report on preparations for the 6th World Cotton Research Conference (WCRC-6), which will be held in Brazil in the city of Goiânia, Goiás, from May 2 to 6, 2016. Registration and abstract submission are now open and additional information on the Conference is available at www.wcrc-6.com. The WCRC-6 will be organized under the auspices of the International Cotton Researchers Association (ICRA), with major support from the ICAC.
17. **Next meetings.** The 75th Plenary Meeting will be held in Islamabad, Pakistan, from October 31 to November 4, 2016. The 76th Plenary Meeting will be held in Mozambique.
18. **Appreciation for the hospitality of India.** The Committee thanked the people, the Organizing Committee and the Government of India for their hospitality in serving as host of the 74th Plenary Meeting. Delegates complimented the hosts on their warm reception and the quality of the venue provided for the Plenary Meeting.

**ICAC****SUPPLY AND DISTRIBUTION OF COTTON**

December 9, 2015

Seasons begin on August 1

	2010/11	2011/12	2012/13	2013/14	2014/15 Est.	2015/16 Proj.
	Million Metric Tons					
BEGINNING STOCKS						
WORLD TOTAL	9.362	10.222	15.258	18.038	20.111	22.02
CHINA	2.688	2.087	6.181	9.607	12.088	12.85
USA	0.642	0.566	0.729	0.903	0.651	0.98
PRODUCTION						
WORLD TOTAL	25.453	27.844	26.718	26.277	26.238	23.15
INDIA	5.865	6.239	6.205	6.770	6.507	6.27
CHINA	6.400	7.400	7.300	6.929	6.480	5.26
USA	3.942	3.391	3.770	2.811	3.553	2.90
PAKISTAN	1.948	2.311	2.002	2.076	2.305	1.90
BRAZIL	1.960	1.877	1.310	1.734	1.551	1.48
UZBEKISTAN	0.910	0.880	1.000	0.940	0.885	0.86
OTHERS	4.429	5.746	5.131	5.018	4.957	4.50
CONSUMPTION						
WORLD TOTAL	24.611	22.782	23.559	23.883	24.224	24.36
CHINA	9.580	8.635	8.290	7.517	7.517	7.33
INDIA	4.472	4.231	4.762	5.186	5.359	5.52
PAKISTAN	2.170	2.121	2.216	2.476	2.497	2.25
EAST ASIA	1.833	1.780	2.139	2.312	2.533	2.74
EUROPE & TURKEY	1.550	1.498	1.565	1.615	1.584	1.65
BRAZIL	0.958	0.897	0.910	0.862	0.797	0.80
USA	0.849	0.718	0.762	0.773	0.778	0.81
CIS	0.577	0.545	0.581	0.614	0.602	0.60
OTHERS	2.621	2.357	2.335	2.528	2.557	2.68
EXPORTS						
WORLD TOTAL	7.690	9.828	9.986	8.991	7.705	7.36
USA	3.130	2.526	2.836	2.293	2.449	2.23
INDIA	1.085	2.159	1.685	2.014	0.914	1.01
AUSTRALIA	0.545	1.010	1.305	1.037	0.521	0.54
BRAZIL	0.435	1.043	0.938	0.485	0.851	0.77
CFA ZONE	0.476	0.597	0.829	0.974	0.885	1.02
UZBEKISTAN	0.600	0.550	0.653	0.650	0.594	0.53
IMPORTS						
WORLD TOTAL	7.749	9.784	9.606	8.670	7.605	7.36
CHINA	2.609	5.342	4.426	3.075	1.804	1.21
EAST ASIA	1.826	1.997	2.355	2.355	2.631	2.79
EUROPE & TURKEY	0.973	0.725	0.833	1.082	1.010	1.01
BANGLADESH	0.843	0.680	0.631	0.967	0.964	1.04
PAKISTAN	0.314	0.190	0.411	0.247	0.198	0.25
TRADE IMBALANCE 1/ STOCKS ADJUSTMENT 2/						
	0.058	-0.044	-0.380	-0.321	-0.100	0.00
	-0.041	0.018	0.001	0.000	0.000	0.00
ENDING STOCKS						
WORLD TOTAL	10.222	15.258	18.038	20.111	22.024	20.81
CHINA	2.087	6.181	9.607	12.088	12.850	11.98
USA	0.566	0.729	0.903	0.651	0.980	0.85
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA 3/	54	64	55	49	55	52
CHINA 4/	22	72	116	161	171	164
COTLOOK A INDEX 5/	164	100	88	91	71	

1/ 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.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China's ending stocks divided by world-less-China's mill use, multiplied by 100.

4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S. cents per pound.