

75th Plenary Meeting, Islamabad (Pakistan) (October 30-November 4, 2016)

REPORT OF THE PRIVATE SECTOR ADVISORY PANEL (PSAP)

Chairman, distinguished delegates, observers and guests, it is my pleasure to present the report of the thirty-sixth meeting of the Private Sector Advisory Panel.

In its meeting on Sunday, October 30, the main topic of discussion of the PSAP was inter-fiber competition. The Panel was gratified that the 74th Plenary, held in Mumbai last year, had approved its recommendation for the Secretariat to make a wide-ranging study on the economic factors underlying the growth of polyester production and demand, in order to enable Members to understand better the dynamics of competition. The Secretariat presented preliminary findings on the trade of yarn, staple, filament and apparel, which showed the increasing share of polyester in all types of downstream products. The PSAP took note of these results and awaits further conclusions of this analysis. The Panel noted that a crucial element in the loss of market share of cotton was the gap in prices in relation to polyester. Polyester prices were approximately half those of cotton, particularly as a result of overcapacity in the polyester industry. The PSAP recommended that the terms of the study be broadened to include government policy measures that stimulated the increase of production capacity in the polyester sector.

Following on recommendations made in past meetings, the PSAP emphasized the need to streamline the trade of cotton by harmonizing and standardizing phytosanitary measures. In particular, the PSAP noted that requirements for fumigation of cotton varied widely among countries and requested the Secretariat to examine possible ways in which to reduce these differences. This objective should be pursued by the Standing Committee during the year and PSAP members stood ready to provide the necessary background information.

The PSAP expressed satisfaction that the process of accession of the European Union to the ICAC was moving forward. Panel members took note that the EU intended to introduce a proposal to revise the Terms of Reference of the Panel upon its accession. The PSAP reminded ICAC

Members that it worked by consensus and encouraged the participation of observers in its meetings. Furthermore, its function was purely advisory. The goal of any changes in the Terms of Reference of the PSAP should be to maintain a wide diversity of viewpoints and encourage increased participation.

The PSAP will meet again during the 2017 convention of the American Cotton Shippers Association.