

REPORT
OF THE CHAIR
OF THE STANDING COMMITTEE

Cecilia Marincioni
Argentina

to the 67th Plenary Meeting of the
**INTERNATIONAL COTTON
ADVISORY COMMITTEE**

Mr. Chairman,

Distinguished delegates to the 67th Plenary Meeting of the International Cotton Advisory Committee, Observers and Guests:

Allow me, on behalf of the members of the Standing Committee, in the name of the country I represent, Argentina, and in my own name to convey our heartfelt thanks to the government of Burkina Faso for hosting this 67th Plenary Meeting of the International Cotton Advisory Committee, as well as for the warm hospitality with which we were all welcomed. It is an honor for us all to be able to hold this meeting in Burkina Faso given the economic and social importance of cotton for the country and the role that Burkina plays as a member of the C-4 Group in the multilateral talks at the World Trade Organization. I would also like to take this occasion to thank the Organizing Committee for the hard work deployed in the organization of an event of such importance as this for cotton the world over.

Mr. Chairman, as Chair of the Standing Committee it is my duty to report to you on the activities carried out by the Committee during my term since the last Plenary Meeting held in Izmir, Turkey, but before doing so, however, I should like to thank all the delegates of the member states and the officers of the Secretariat for their work and their support during this past year. I would especially like to thank Mr. Jacob Pasgo of Burkina Faso, for discharging the duties of First Vice-Chair, and Chairman of the Membership Subcommittee, as well as Mr. Ashraf El-Rabiey of Egypt, for his work as Second Vice-Chair. I would also like to highlight the work of Mrs. Banashri Bose Harrison of India, and Mr. James Johnson of the United States, for their work as Chair and Vice-Chair, respectively, of the Subcommittee on Budget, along with the work of Mr. Sipiwe Mkhize of South Africa, and Mrs. Antonette Debus of Germany, for their performance as Chair and Vice-Chair, respectively, of the Better Cotton Initiative Subcommittee.

Since the last Plenary Meeting in October 2007, the Standing Committee held six meetings and worked together with the Secretariat on a number of challenges facing the cotton industry, among them: fostering the use of sustainable production systems, promoting greater use of cotton, facilitating the standardization of the use of instrument testing, working for the reduction of government measures that distort production and trade and fostering good trade practices. Furthermore, together with the Secretariat, the Standing Committee reviewed the accusations leveled against the Government of Uzbekistan in connection with the use of child labor in the work associated with cotton farming and signed a Memorandum of Understanding with another association with common interests.

Lastly, I should like to add that during the year a great deal of work was done on issues relating to the correct operation of the Committee, such as increasing the membership, reviewing and approving the annual budget, approving the agenda for this 67th Plenary Meeting and nominating incoming officers.

Two of the meetings of the Standing Committee were held away from Washington DC. The 492nd meeting was held in the city of New York, at the Fashion Institute of Technology (FIT) with the participation of representatives of the textile industry, and the 495th meeting was held at a research center in the State of Virginia. The objective of these meetings was to discuss the diverse issues that come up along the chain of production of cotton fiber so as to assess the competitiveness of the product.

Uzbekistan Accused of Employing Minors in Cotton Farming

The Standing Committee and the Secretariat held several meetings during the course of the year to discuss the accusations leveled against the Government of Uzbekistan over the alleged use of child labor in cotton farming, including one meeting with a delegation from Uzbekistan headed by the Minister of Foreign Affairs, Investments and Trade, Mr. Elyor Ganiev, and other meetings with representatives of international agencies. The Standing Committee instructed the Secretariat to continue working with international organizations, such as the International Labor Organization (ILO) and UNICEF, with a view to providing the international community with objective information. During the Third Open Session of this Plenary Meeting, the Panel of Experts on Social, Environmental and Economic Performance of Cotton (SEEP) will submit a report on its work and we will have an opportunity to discuss this issue in greater detail.

It should be noted that, at the 493rd Meeting of the Standing Committee, the invitation of the government of Uzbekistan to host the 69th Plenary Meeting in Uzbekistan in 2010 was accepted with the condition that one of the agenda items should deal with the accusations of child labor in the cotton industry.

Government Measures that Affect Cotton

The last plenary meeting held in Turkey reasserted that subsidies, tariffs and quotas distort production and trade, bring cotton prices down and generate negative impacts on cotton producers and the economies of the least developed and developing countries.

With a view to promoting the reduction of government measures that distort cotton production and trade, the Standing Committee discussed the current situation and the Secretariat reported that during 2007/08 there were eight countries that provided subsidies to cotton. It was estimated that, as a result of the rise in cotton prices, the value of those subsidies dropped from US\$5.6 billion in 2006/07 to US\$2.7 billion in 2007/08. We also maintained close contact with the Cotton Subcommittee of the WTO, which kept us informed of the progress made in the talks on agricultural subsidies and tariff reductions.

Lastly, we should recall that during the year, the Standing Committee held a number of meetings to stay abreast of the status of US Farm Bill 2008. As many of you know, the United States passed a new farm bill in 2008. There were no far-reaching changes in the three main cotton programs, but the new farm bill did include a subsidy for the country's domestic textile plants and also introduced a program known as ACRE as an alternative to the traditional, price-based, counter-cyclical payments. The United States Department of Agriculture estimates that this program will bring about an additional reduction of the surface area planted to cotton because producers will prefer to grow those commodities that recorded higher prices during the previous season.

Memorandum of Understanding

ICAC received a proposal from Better Cotton Initiative to enter into a mutual interest agreement. The announced goal of the BCI is to promote more sustainable cotton production so as to help the millions of people involved in cotton to adopt more sustainable and healthful cotton production methods.

The Standing Committee discussed at some length the benefits of entering into that agreement and instructed the creation of a subcommittee to assess the advantages of

signing it. As a result of a number of meetings to discuss the best way for our two organizations to formalize our joint endeavors, the parties agreed to sign a Memorandum of Understanding between SEEP and BCI providing for the exchange of technical information of mutual interest.

ICAC Membership

Increasing the number of member countries in ICAC continues to be a challenge for the organization. While the viability of the organization is not at risk, a reduction in the membership might bring about a dangerous situation.

The Standing Committee discussed this issue at its meetings and assessed a number of alternatives to attract more members. Meetings were held with ambassadors in Washington, DC to familiarize them with the problems affecting the cotton community and explain the benefits derived from membership in ICAC.

ICAC Officers

Lastly, as Chair of the Standing Committee, it is my duty to nominate the candidates to fill the positions of the Standing Committee during the coming year. Thus, I heartily recommend the candidatures of Mr. Ashraf El-Rabiey of Egypt, as Chair; of Mr. Azmat Ali Ranjha of Pakistan, as First Vice-chair; and of Mrs. Ayse Gul Barkcin of Turkey, as Second Vice-chair.

I should like once again to express my appreciation for the unvarying support I have received from the members of the Standing Committee and from the membership as a whole during my term in the Chair. I also want to thank the Government of Burkina Faso for hosting this 67th Plenary Meeting of ICAC.

Thank you very much