

Report of the Private Sector Advisory Panel
Thursday November 20th, 2008
ICAC 67th Plenary Meeting
Ouagadougou, Burkina Faso

Good afternoon,

On behalf of the ICAC Private Sector Advisory Panel, it is my pleasure to present the report on our activities over these last twelve months. In so doing I convey the apologies of our Chairman Mr John Mitchell and deputy chair Dr Sebahattin who are unable to be here today.

In its meeting, held here at this plenary and in its mid year meeting, the panel discussed the primary issues confronting the private sector in the global cotton industry and considered its response. These issues include:

1. The economic viability of the global cotton industry.
The committee considered the fragile economic health of the entire cotton industry, which has been exacerbated by the recent global financial crisis. This crisis is affecting the availability of capital, it is impacting consumer demand and it is increasing input costs. In this context the panel considered the emerging debate about Government intervention in markets and industries.

The panel strongly encourages the Committee to maintain its support for continued progress towards free trade in cotton and the abolition of price support programs, both domestic and export. Where Governments of ICAC members, feel an imperative to provide interim support, the panel strongly urges those Governments to be intelligent and consultative in policy formulation, in order to ensure the interests of all sectors of the private sector are not neglected nor the functionality of the cotton market compromised.

Also, market regulation should be aimed at enhancing market utility, transparency and liquidity and should avoid unnecessary bureaucracy and the inappropriate allocation of resources.

2. The impact of the introduction of carbon trading schemes, on agriculture in general and cotton in particular.
The panel has identified the emergence of a global carbon market as both opportunity and threat to the cotton industry. At this stage, there is insufficient clarity around the role of agriculture in such programs. However, the panel will be maintaining a watching brief on this matter and will seek to include this topic on an appropriate future plenary.
3. The Social, Environmental and Economic Performance of Cotton.
The panel commends the work of SEEP in light of a growing consumer interest in our total footprint. In this regard we feel the cotton industry has a natural competitive advantage over our primary competition, synthetic fibres.

The panel has identified a need for standardization of environmental credential description as an area for review. There is a lack of consistency and transparency

in environmental labeling leading to market confusion and the potential loss of market integrity.

4. Bale size, density and packaging.
The panel noted the November 2008 findings of the ICAC Bale survey. This survey identified a vast array of bale sizes, densities, coverings and strapping materials. The panel recommends that the Committee seek the opinions of the various textile spinning associations to determine whether or not a clearly preferred configuration of bale size and packaging exists within the spinning industry. If so, the panel would undertake a rudimentary assessment of the costs and benefits of moving towards an industry standard by soliciting feedback from various national and international participants in the cotton supply chain. The panel would report its findings at the next Plenary in 2009.
5. The discrimination against Uzbekistan cotton based on its labour practices.
The panel was requested to respond to the decision during the year by a major apparel retailer to ban the use of cotton products using Uzbekistan cotton based on its use of child labour. The panel passed this issue immediately across to the Secretariat who in turn engaged the appropriate international agencies. The panel applauds the manner in which the Secretariat responded to this important and sensitive issue.
6. The International Forum for Cotton Promotion.
The panel endorses the work of the IFCP in addressing the image of our product. In particular, the identification and correction of inaccuracies, contained in the promotional material of competing products is an important step in this program. The cotton industry needs to retain a positive public image, if it is to retain market share and the work of IFCP is an important component of this objective.
7. Support for the widespread adoption of Bt Cotton.
The panel recognizes the tremendous net benefit that the use of Bt Cotton has had on the communities where it is able to be used as an alternative to conventional cotton. The panel strongly encourages, all cotton producing countries to make this technology available for its participants. A critical aspect of this enablement, is the ability of those regulators to effectively monitor and enforce the strict protocols required by the manufacturer.

Our final item for discussion was the election of office Bearers for the next twelve months. As foreshadowed at our mid year meeting, our Chairman Mr John Mitchell has stepped down after three years of service, and Dr Sebahattin Gazanfer of Turkey was elected to the Chair. Mr Richard Haire of Australia was elected as Vice Chair. It is the intention of the panel that the position of Chairman be rotated annually. The panel thanks Mr Mitchell for his outstanding leadership over this period, and for ensuring that the PSAP has fulfilled its objective of providing relevant and timely advice to the ICAC on matters of importance to the private sector. It is the panel's intention to meet twice again this coming year.

Thank you.