



ICAC 77th Plenary Meeting

Abidjan, Côte d'Ivoire 2 - 6 December 2018

Report of the Executive Director





Honourable Chairman, your excellencies, distinguished delegates, observers and ladies and gentlemen. Thank you for the opportunity to address this, the 77th Plenary Meeting of the ICAC.

It has been a long time since I spoke any French, in fact it was at school, so I hope that you will excuse my 'schoolboy' pronunciation as I deliver at least a small part of my speech in French.

I am especially delighted that this year's Plenary Meeting is in Cote d'Ivoire because Cote d'Ivoire and Africa represent the future potential for cotton. Let me give you three short examples to illustrate my point.

The vast majority of the world's spinning industry is situated in the east, in Asia, with Africa barely even registering as a statistic. Africa produces around 6% of the world's cotton of which around 70% is exported abroad. If more of this exported cotton could be spun and made into finished products in Africa it would have the potential of earning billions of dollars in additional revenue annually as well as employing millions of extra people. And what is also encouraging for cotton in Africa is that as developed countries are starting to recognise the potential of Africa, growth in African emerging markets is also being supported by increasing south-south trade. Ten years ago this accounted for just 2% of global trade, today it is 25%.

Secondly, if we look at world population growth we can see that over the next 10 to 12 years the growth is mainly in Asia, especially China and India. The UN Population Division projects that the population of the world will increase by 1.15 billion and amongst the 5 biggest countries in Asia this equates to a rise in population of 371 million. Population growth is fastest amongst the least developed countries and by 2030 India will outstrip China to become the most populous country with a population of 1.5 billion and Nigeria will be the populous country in Africa with a population of 264 million.

But as these countries become richer we see a rise in the middle classes, particularly in India and China which is estimated to be 40% of the world's middle class by 2030 compared to 20% in the US. They will have more money to spend on items such as clothing which represents 80% of the demand for cotton. So that means if more clothing is required to clothe them, the question is how to satisfy that extra demand with cotton, when cotton faces competition from synthetic fibres and from food crops for land use. In simple terms cotton needs to produce more and that can only come about from either increased acreage or increased yields. Major cotton producing countries like Australia, China, the US and Brazil are unlikely to increase their yields substantially more than they have at the moment. India has great potential to increase its yields, but that extra production is likely to go to satisfying increased local demand.

This is where Africa can have a huge impact and where it has the biggest potential. It has the land mass and a huge amount of uncultivated land that could possibly be suitable for cotton cultivation. As cotton is a semi-arid plant this would also not compete with food crops. But the bigger potential for Africa to fill the projected shortfall in cotton demand is yields.

It is no secret that some of the lowest yields in the world occur in Africa. The global average is 788 kg per hectare but the average for West Africa is just 413. If we take the top five producers of raw cotton in Africa; Burkina Faso, Mali, Benin, Cote d'Ivoire and Cameroon and we increase their yields to the global average this would equate to an increase of almost 1 million tonnes of cotton.

If we look at the current yields for East and South Africa, averaging just 252 kg per hectare an increase to the global average would result in an additional 800 thousand tonnes. And finally, if we look at Africa as a whole and increase yields in all African countries to the global average then this would result in an additional 2 million tonnes for Africa alone. This is something that the ICAC can have a direct impact on by offering advice to farmers and governments in Africa through its country audits and yield awareness training programmes.

Last year I addressed you as the brand-new Executive Director of the ICAC having been in post just 2 months and I suggested that it was appropriate to ask whether, after nearly 80 years of existence, the ICAC should change to reflect a fast-changing world. I suggested then that it was time to review the structure of ICAC, the way it is governed and funded, the functions it performs and the services it provides. Today, as you have heard from the Chair *ad interim*, this is exactly what we have done and I believe that the strategic plan that has been produced will not only make us fit for purpose for the future but will also produce a more dynamic, innovative and efficient ICAC.

The ICAC serves a unique and important role within the world of cotton and textile industry and it is only right that its role should evolve and grow in response to current challenges to create a bigger, more effective ICAC that not only adds value first to its member governments, but also to the whole of the cotton and textile value chain.

A lot has happened over the past year, most of which has been touched upon by the Chair *ad interim*, but I would like to take this opportunity to expand on some of those points with a look to the future.

Communication

Last year, I highlighted the importance of the ICAC being a central point of information on cotton issues and how we must improve our use of information technology and social media to reach more and more people, more effectively. This year, as you have heard, it is happening and it is providing us with the perfect platform not only to provide credible, impartial information on cotton but also to address some of the myths and misinformation about cotton. To do this, we launched the 'Truth about Cotton' campaign.

Our first subject was to dispel the myth around water usage which traditionally had been reported that 20,000 litres of water was required to grow 1 kg of cotton. Our own internal research led by our head of technical information services, Dr Keshav Kranthi, found that this figure was in fact 1,214 litres of irrigation water. What was particularly worrying about this revelation was that the figure of 20,000 litres was first reported in 2003 and had never been challenged. Instead it had been seized upon by the media and NGOs to denigrate cotton over all these years.

As we raise our profile and become more and more the central point for impartial and accurate information and statistics on cotton it is important to note that we should also be prepared to

raise issues that do not put cotton in a good light. Only by doing so can we highlight and address these issues and increase the credibility of the ICAC.

Looking forward, we shall be addressing the use of pesticides and we have already started responding to the damning claim from the BBC that the drying up of the Aral Sea was entirely due to cotton and along with the International Forum for Cotton Promotion (IFCP) we will be producing fact sheets that can be used either to brief journalists, ministers, academic institutions etc or simply for anyone to use in presentations.

I would also like to reiterate what the Chair *ad Interim* has said about ICAC membership. It is perhaps ironic that as I stand here in Africa today, many of the countries who could benefit most from being a member of the ICAC and who are not ICAC members are situated here, in Africa.

The ICAC is unique in that it is the only organisation in the cotton world that brings governments together and its Plenary Meeting, World Cotton Research Conference and Regional technical conferences provide a wealth of high quality information about current practices and future developments. It is the organization that can represent its members' interests in the various UN forums. But more than that, the cotton community is a family and together, we are stronger and our voice is more powerful.

Why would a government not want to be part of the organisation that represents them?

Why would they not want to have a say in cotton policy or be part of the global cotton community?

Why would they not want to benefit from meetings like these and learn about what is new in cotton and exchange information on best practices?

In my mind the answer to these questions is simple. It is because we are not engaged with them and therefore they fail to see the value to being a member. Therefore, it should be of no surprise that membership retention and recruitment is top priority in the Strategic Plan. After all, the greater the number of members the more impact the ICAC can have globally.

But to enable this to happen we too must look at ourselves as an organisation and see where we can add real values to our members. And we need help to achieve this from key strategic partners who can provide the support and resources which we do not have. In particular, I would like to highlight some key areas where this cooperation is already resulting in positive outcomes. Today the ICAC is currently involved in, or negotiating involvement in, a total of 14 projects many of which will have a fundamental impact on the cotton world. They range from projects on yield enhancement, seed development, producing sustainable supply chains, traceability and specialised training.

But let me mention just two projects in particular, that are both exciting and have the potential to have a major impact for least developed countries in particular.

The first is the Soil Health App which is being developed by the Social Economic and Environmental Panel (SEEP) and is being supported by Cotton Incorporated. This app will give any farmer, even an illiterate farmer, the ability to interact with the app and respond to a series of questions in order to know what inputs he should add to the soil. We are also looking at developing an extension to this app to cover pest management.

The second involves the use of technology. In my view it is important that we use technology to innovate and we want to develop plans for two exciting training programmes that have not been done anywhere in the cotton world; a virtual reality laboratory to train cotton research scientists and a virtual reality training programme aimed at increasing yields. In the latter we will be bringing the cotton field in India, in Brazil, in Africa, in Australia into the classroom, so farmers and students can walk around and compare the different crop management systems in the different countries, look at different types of pests and plant architecture. I am sure that all of you would agree that sitting in a classroom and listening to a PowerPoint presentation is not the same as actually seeing the things for yourself in real life. This will enable farmers to literally immerse themselves in virtual reality and explore the different cotton fields in each country and be able to learn from best practice. This exciting idea has already attracted a great deal of interest and now we are looking for partners to help us fund it and put it into action.

Finally, I would like to tell you about another exciting ICAC initiative. Next year we will be announcing the date of World Cotton Day, which we will be launching in collaboration with key partners from the United Nations and the WTO. This will be a great opportunity for everyone involved in cotton from governments, international and national organisations, retailers and brands, spinners and farmers and of course everyone who loves cotton, to celebrate cotton on that day. By raising the profile of cotton with a joint global effort on just one day a year we can raise awareness of the benefits of this beautiful natural product and hopefully encourage demand for it. This will be one day where cotton will always have the advantage over synthetic fibres and we hope that the brands and retailers will also partner with us to launch the campaign.

I would now like to acknowledge the work of the ICAC committees who have contributed so much to the work and visibility of the ICAC.

PSAP

The Private Sector Advisory Panel was created in 1999 and over the last year it has continued to support the work of the ICAC particularly in developing the global system for the exchange of electronic phyto sanitary certificates or ePhytos. Whilst the PSAP met in Bremen in March 2017 to discuss this subject and to contribute to discussions on the ICAC Strategic Plan, the Chair of the PSAP, Mr Peter Wakefield, and myself have attended conferences in the US and Hong Kong to brief the private sector on ePhyto developments and have attended a number of meetings of the International Advisory Group globally to contribute the views and feedback from the cotton trade. Over the coming year, this committee will undergo a major review to ensure that it can offer the maximum participation of the private sector in the affairs of the ICAC and that it is fully representative of the whole cotton value chain from producer to retailer.

I would like to acknowledge the contribution of Mr. Peter Wakefield over the past year. He has been a driving force for cotton in our participation on the ePhyto International advisory group and he now leads the PSAP into a new era. In addition, I would also like to acknowledge the contribution of Mr. Neal Gillen, who has been a member of the PSAP since its foundation in 1999 and represents the ICAC Secretariat at the United Nations Commission on International Trade Law (UNCITRAL).

CSITC

The Task Force on Commercial Standardization of Instrument Testing of Cotton (CSITC), created by the standing committee in 2003, has had a most productive year. Agreement has been reached with Uster to register every new HVI machine that it sells into the CSITC Round Trial for a period of two years. In addition, Uster will register every HVI machine that it has sold in India into the round trial for a period of one year. This is a major and exciting development and will help to promote the benefits of the CSITC Round Trial to both new and existing HVI operators. This will ensure even greater standardisation of quality testing results and for the commercial world in particular will result in less quality disputes and better quality cotton. I would therefore urge all countries to ensure that all HVIs, especially in testing centres which serve growers, merchants or spinners, are participating in the CSTC Round Trials.

I would like to thank the members of CSTC for all their work and participation over the last year and in particular I would like to acknowledge some key people who continue to contribute so much behind-the-scenes; the Chair, Mr. Andrew McDonald, Mr Axel Drieling from the Faserinstitut, Bremen and Mr. Darrell Ernest from USDA.

SEEP

The role of SEEP is to provide the ICAC with objective, science-based information on the negative and positive social, environmental and economic aspects of global cotton production, to gather information from around the world on costs of agricultural labour and the factors that affect those costs to assess their impacts on the social performance of cotton and to make recommendations for further action as appropriate. The expert panel was founded in 2006 and continues to be involved in a number of ground-breaking and innovative projects, in particular the development of the soil health app which I mentioned earlier.

My thanks must go to Mr. Allan Williams and Dr. Francesca Mancini who have led the SEEP Expert Panel so ably over the past year. In particular, I would like to acknowledge the contribution of Ms. Francesca Mancini who is stepping down from SEEP after many years' service. There is no doubt in my mind that her contribution and knowledge has been a major factor in the success of SEEP over the past years.

IFCP

The International Forum for Cotton Promotion (IFCP) is a private sector organization created by the ICAC in 2002 to facilitate national efforts to create demand for cotton through promotional activity. Its members comprise of international and national associations from around the world and recently they have agreed to direct their efforts and ideas through the ICAC which now has a full-time Director of Communications and the infrastructure to communicate and promote cotton through a wide range of media. This is a major change of direction for the IFCP but will allow them to react quickly to current events and to commission the ICAC accordingly as well as to develop specific and targeted campaigns such as producing fact sheets on the use of water in cotton, pesticide usage or to respond to a news story, such as the BBC story on the Aral Sea.

I would like to thank in particular the chair, Mr. Mark Messura and the vice chair, Ms Elke Hortmeyer for their work in driving forward this initiative and thus ensuring that the IFCP has a clear and measurable focus which benefits all cotton nations.

Standing Committee

My thanks must also go to the members and officers of the standing committee who have supported me in my first year as Executive Director and enabled me to put so many new initiatives in place. In particular, I would like to thank the chair, Ms. Fontana Tobiassen of Switzerland, the 1st vice chair Mr. Ali Tahir of Pakistan and the second vice chair, Ms. Maha Zakaria of Egypt. Many of the delegates take up their post in Washington and become members of the Standing Committee knowing very little about cotton. I would hope that at the end of their appointment that not only will they know a great deal about this complex and fascinating commodity but that they will continue to be ambassadors for cotton wherever they may go.

Every organisation needs effective oversight of its finances and this has been ably done by the subcommittee on budget led by Mr. James Johnson of the United States.

This year a new committee was formed, the Strategy Committee, to oversee the process of the strategic review. I would like to thank the chair, Mr. Rado Wang of Taiwan and all the members of the committee in ensuring that the strategic review process was completed in record time. It marks the start of a new, dynamic, innovative and forward-looking ICAC that builds on the successes of its past and ensures that the ICAC is fit for its purpose and can provide tangible value to its members. The strategic plan is a fluid document and I strongly encourage all ICAC members to continue to feed in their thoughts and ideas to ensure that they get the very best out of the organisation they are a member of.

Plenary Meeting Organising Committee

Finally, my thanks must go to the government of Côte d'Ivoire for hosting this 77th Plenary Meeting and to its organising committee. It is perhaps easy to forget that in a short meeting of less than a week the enormous amount of work that has gone on behind-the-scenes to ensure that we have an event that is memorable and a Plenary Meeting that is smooth running and productive. I had the pleasure of meeting the organising Committee and know the immense amount of work that has been put in to produce this event by such a large team. However, I would like to recognise the leadership of Dr. Adama Coulibally, the Director General of the Cotton and Cashew Nut Council and Head of the Organising Committee and the hard work and dedication of Mr. Simplicie Gue who has liaised with us at the ICAC to ensure that the detail of this plenary meeting is correct. I know that we are going to have a truly memorable event marked by traditional African hospitality which is second to none.

I would also like to welcome delegates from non-member countries who are participating as observers as well as members of international organisations. To those non-member countries here I would urge your governments to join the ICAC.

Conclusion

In conclusion, I would remind you of three themes that are critical to the future success of the ICAC and will be at the heart of everything we do; communication, partnerships and adding value.

This past year I have tried to personally meet with as many members as possible and I can promise you that will continue so that I can communicate with you about the ICAC's plans and hear your views.

We are developing strong and long-lasting relationships with key partners which will stand us in good stead for the future and this will enable the ICAC to develop an even stronger leadership role within the cotton industry and most importantly, to add value to all its members.

Thank you Hon. Chairman and I now look forward to a successful and productive plenary meeting.

Kai Hughes
Executive Director