International Cotton Advisory Committee (ICAC): EU accession

2011/0420(NLE) - 08/12/2011 - Legislative proposal

PURPOSE: to authorise EU accession to the International Cotton Advisory Committee (ICAC).

PROPOSED ACT: Council Decision.

BACKGROUND: the International Cotton Advisory Committee (ICAC) is the International Commodity Body (ICB) for cotton. Its mission is to assist governments in fostering a **healthy world cotton economy**.

It does this by:

- ensuring transparency on the world cotton market,
- serving as a clearing house for technical information on cotton production,
- serving as a forum for discussion of cotton issues of international significance.

ICAC acts as a statistical observer and brings together producing, consuming and trading countries and all segments of the cotton industry. It has an overall facilitating role, and is not engaged in cotton price setting or determination.

To date, the ICAC is one of the few ICBs where the EU is not a member.

On various occasions (namely in its Conclusions of 2004, 2008 and 2010), the Council has requested the Commission to consider EU membership of ICAC. The EU is a producer of cotton and has evolved from a net cotton importer (until 2008) to a net cotton exporter as of 2009. The EU textiles and clothing industry is an important user of cotton cloth. Moreover, cotton is an important area for European development cooperation, the EU having been the main donor to the African cotton sector since 2004.

In this context, it is now proposed to formally accede to the ICAC.

IMPACT ASSESSMENT: taking into account the present situation, the Commission considers that membership to the ICAC would be desirable as it would:

- allow the EU to express its views on cotton with a single voice in the appropriate ICB,
- provide the EU access to information on cotton issues, in order to follow the cotton market and influence the cotton agenda,
- facilitate linkages and partnerships between the EU private sector (cotton and textiles), cotton producers (from the EU and from developing countries), and public authorities.

The ICAC Secretariat is strongly in favour of EU membership as it will increase the importance and international status of ICAC as an ICB.

LEGAL BASIS: Article 207 (3) and (4), in conjunction with Article 218 (6) (a) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: with this proposal, the accession of the European Union to the International Cotton Advisory Committee is hereby approved on behalf of the Union.

The Rules and Regulations of the International Cotton Advisory Committee (as adopted by the 31st Plenary Meeting - June 16, 1972 (With amendments through November 2008)) are attached to this Decision.

Functions: the functions of the ICAC:

- to observe and keep in close touch with developments affecting the world cotton situation;
- to collect, disseminate, and keep complete, authentic and timely statistics and other information relating to world production, trade, consumption, stocks and prices of cotton; and other textile fibers, or of textiles, insofar as they affect the cotton economy and do not duplicate assignments that governments have given to other international bodies;
- to suggest to member governments of ICAC, as and when advisable, any measures ICAC considers suitable and practicable for the furtherance of international collaboration directed towards developing and maintaining a sound world cotton economy;
- to be the forum for international discussions on matters related to cotton prices, without, however, prejudicing discussions currently being carried on elsewhere, for example, in the UNCTAD. Such discussions should take place regularly both in the Standing Committee and at annual Plenary Meetings.

BUDGETARY IMPLICATION: ICAC membership is based on the payment of an annual contribution. It is calculated on an annual basis as a function of the number of ICAC’s members (fixed part) and the volume of raw cotton traded by each member (variable part). A contribution of USD 360 000/year would be required, which will give the EU an appropriate influence in ICAC affairs and allow broad EU involvement in ICAC’s activities.