



EUROPEAN COMMISSION

Brussels, 8.12.2011  
COM(2011) 861 final

2011/0420 (NLE)

Proposal for a

**COUNCIL DECISION**

**on EU accession to the International Cotton Advisory Committee (ICAC)**

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

The International Cotton Advisory Committee (ICAC) is the International Commodity Body (ICB) for cotton<sup>1</sup>. Its mission is to assist governments in fostering a healthy world cotton economy. It does this by ensuring transparency on the world cotton market, by serving as a clearing house for technical information on cotton production and by 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.

### **2. RESULTS OF CONSULTATIONS WITH INTERESTED PARTIES AND IMPACT ASSESSMENTS**

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.]

### **3. LEGAL ELEMENTS OF THE PROPOSAL**

As trade issues represent an important part of ICAC's tasks, the Commission is of the opinion that EU exclusive competence is desirable under Article 207 TFEU

---

<sup>1</sup> [www.icac.org](http://www.icac.org).

#### **4. 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.

Proposal for a

**COUNCIL DECISION**

**on EU accession to the International Cotton Advisory Committee (ICAC)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207 (3) and (4), in conjunction with Article 218 (6) (a) thereof,

Having regard to the proposal from the European Commission,

After approval by the European Parliament<sup>2</sup>,

Whereas:

- (1) The European Union (EU) is not a member of the International Cotton Advisory Committee.
- (2) On 27 April 2004, 27 May 2008 and 10 May 2010, the Council, in its Conclusions on the EU Action Plan on agricultural commodity chains, dependency and poverty, on the EU-Africa Partnership in support of cotton sector development and on enhancing the EU action in the area of commodities, respectively, invited the Commission to consider EU membership of the International Cotton Advisory Committee.
- (3) As the objectives of this organisation concern agriculture, trade and development policies, it is in the interest of the EU to accede to it, in accordance with Article II, Sections 1 and 2, of the Rules and Regulations of the International Cotton Advisory Committee.

HAS ADOPTED THIS DECISION:

*Article 1*

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 are attached to this Decision.

*Article 2*

---

<sup>2</sup> OJ C , , p .

The President of the Council shall designate the person empowered to communicate on behalf of the European Union, the present Decision to the International Cotton Advisory Committee in order to express the consent of the European Union to be bound by the Rules and Regulations of the Committee.

*Article 3*

This Decision shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels,

*For the Council  
The President*

**RULES AND REGULATIONS**  
**OF THE**  
**INTERNATIONAL COTTON ADVISORY COMMITTEE**

As adopted by the 31st Plenary Meeting - June 16, 1972 (With amendments through November 2008)

**ARTICLE I - TERMS OF REFERENCE**

The functions of the International Cotton Advisory Committee (hereinafter referred to as ICAC) are:

- a. To observe and keep in close touch with developments affecting the world cotton situation.
- b. 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.
- c. 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.
- d. 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.

**ARTICLE II – MEMBERSHIP**

**Section 1- Eligibility for Membership**

- a. Membership in ICAC is open to all members of the United Nations or of the Food and Agriculture Organization of the United Nations, expressing an interest in cotton.
- b. Any other government expressing an interest in cotton shall be eligible to apply for membership.

**Section 2 - Accession to Membership: Commitments of Acceding Governments**

Accession of any government to ICAC shall be effected by the following procedures:

- a. A government desiring to accede shall address a communication to the Executive Director stating that:
  - (1) It has an interest in cotton;

- (2) It is prepared to fulfill the obligations of membership with respect to:
  - (a) The acceptance of the Rules and Regulations of ICAC in effect at that time,
  - (b) The submission of information concerning the cotton situation and related matters within its own country in accordance with the prescribed requirements of ICAC and any work programs that may be approved from time to time, and
  - (c) The payment of its assessments.
- b. The Standing Committee or the Advisory Committee, as applicable, shall thereupon consider the communication of the government desiring to accede.
- c. Normally the accession of a government qualifying for membership under the provisions of Section 1 a. of this article shall be confirmed at the next meeting of the Standing Committee. However, should the matter of accession be raised at a Plenary Meeting the Advisory Committee shall confirm the accession.
- d. Application for membership from any other government shall be considered by the Advisory Committee.
- e. Whenever it confirms or approves the admission of a government to membership in ICAC, the Standing Committee or Advisory Committee shall, at the same time, confirm the amount of the financial contribution assessed to such government in the year of its accession in accordance with the provisions of Section 4 c. of this article.
- f. The Executive Director shall notify the government concerned in writing of the action taken.

### **Section 3 - Withdrawal from Membership**

The withdrawal of any government from membership in ICAC shall be effected by the following procedure:

- a. Any government desiring to withdraw shall address a communication to the Executive Director to that effect, stating the date on which it is desired to make the withdrawal effective.
- b. The Executive Director shall inform the Advisory Committee or the Standing Committee, as applicable, of any withdrawal and, in acknowledging the withdrawal, shall notify the government concerned of its financial status with ICAC.

### **Section 4 - Financial Obligations of Members**

- a. The assessment of each member government shall be the sum rounded to the nearest \$100 of:
  - (1) A basic contribution: 40 percent of the total assessments shall be shared equally between member countries, and
  - (2) A pro rata contribution: the total of the pro rata contributions shall equal budgetary demands less the sum of the equal contributions. The pro rata contribution shall be

assessed on the basis of average trade in raw cotton (exports plus imports) in the four most recent cotton years (August-July) ended prior to the ICAC fiscal year to which contributions are applicable.

- b. Assessments shall be due on July 1 each year and payable during the following three months of ICAC's fiscal year. Each payment received from a member government shall be applied against the longest out standing debt due ICAC from that country.
- c. The initial assessment of a government acceding to membership in ICAC shall be calculated as provided in Section 4 a. of this Article. Such initial assessment shall be prorated according to the number of full quarters remaining in the ICAC's fiscal year. The pro rata contribution shall be determined by the relationship of the average trade that was used in determining the pro rata contributions last assessed for existing members.
- d. The initial assessment of a government acceding to membership shall be due on the date on which its accession becomes effective and payable during the following three months.
- e. On withdrawal of a member government, no remission or refund shall be made of any part of its assessment for ICAC's fiscal year during which the withdrawal takes place. Any unpaid assessment for that year shall become payable on the date when the Executive Director receives the communication referred to in Section 3 a. of this Article.
- f. If the assessment of a member government is in arrears for twelve months, except for a minimal amount, not to exceed 15 percent of its current annual assessment, the Executive Director shall notify the government concerned that, unless payment is received within six months after the date of notification, the provision of documents and other services will be discontinued thereafter. If payment is still not received after a further six months, the membership of that member shall be suspended.
- g. A government that has withdrawn from membership under Section 3 of this Article or whose membership has been discontinued under Section 4 f. shall not be readmitted to membership until at least one-fifth of all debts due ICAC from that country have been paid. Membership of the government shall continue only if no additional arrears accumulate while its debt to the Committee is being repaid in full, and only if the government continues to pay its debt to the Committee in installments of not less than one-fourth of the remainder per year.

### **ARTICLE III - ADVISORY COMMITTEE**

#### **Section 1 - Definition**

In these Rules and Regulations the words "Advisory Committee" mean ICAC meeting in plenary session.

#### **Section 2 - Frequency and Location of Meetings**

Meetings of the Advisory Committee shall be held at the invitation of member governments. Normally, regular meetings shall be held at least once per calendar year. Additional meetings may be called by the

Standing Committee. Invitations to host plenary meetings cannot be accepted from countries that are more than one year in arrears in the payment of assessments to the ICAC.

Meetings of the Advisory Committee shall alternate as much as possible between cotton exporting and cotton importing countries. As the seat of the organization is in the United States of America, meetings should be held more frequently there than in other member countries and generally at intervals of not more than five years.

### **Section 3 - Attendance at Meetings**

An invitation from a member government to the International Cotton Advisory Committee offering to host a meeting of the Advisory Committee shall be extended with the understanding that delegations from all member countries are entitled to attend and participate in the meeting, if they so desire. The Committee itself may issue the invitations to the member countries.

### **Section 4 - Procedure at Meetings**

- a. At each meeting of the Advisory Committee, the Conference Chair shall be designated by the host government. The Chair of the Standing Committee will serve as First Vice Chair. The host government may designate one or more other vice chairs. The Conference Chair shall normally preside at meetings of the Steering Committee and Plenary Sessions. Other Committees shall designate their own Chair and Vice Chairs.
- b. The Executive Director of ICAC shall serve as Secretary General and may appoint one or more Associate Secretaries General. Should the Executive Director be unavailable, the host government shall designate the Secretary General.
- c. Each member government shall notify the Executive Director as soon as possible of the names of its representatives, alternates, and advisors and such other information, including the designation of a head of delegation, as may be required for registration.
- d. During the discussions on any matter, any member government may raise a point of order and may move the closure or adjournment of the debate. In each case, the presiding officer shall immediately state his ruling, which shall stand unless overruled by the meeting.

### **Section 5 - Terms of Reference**

- a. To appoint an Executive Director and to determine his basic contract and emoluments.
- b. To consider and act on any other matter within the terms of reference of ICAC.

## **ARTICLE IV - STANDING COMMITTEE**

### **Section 1 - Relationship to Advisory Committee**

- a. Between Plenary Meetings the Advisory Committee shall be represented at Washington by a Standing Committee, which shall be subordinate to it.

- b. The Advisory Committee may delegate authority on specific matters to the Standing Committee. The Advisory Committee may modify or withdraw any such delegation of authority.
- c. All actions taken by the Standing Committee may be reviewed by the Advisory Committee.
- d. The Chair of the Standing Committee shall report at each meeting of the Advisory Committee on the activities of the Standing Committee since the last meeting.

## **Section 2 - Membership**

All members of ICAC are eligible to serve on the Standing Committee.

Invitations to host plenary meetings cannot be accepted from countries that are more than one year in arrears in the payment of assessments to the ICAC.

## **Section 3 - Competence, Duties, and Responsibilities**

- a. Substantive
  - (1) To constitute a medium for exchange of views in regard to current and prospective developments in the international cotton situation.
  - (2) To give practicable effect to all directions, decisions, and recommendations of the Advisory Committee.
  - (3) To prepare work programs.
  - (4) To see that the work programs are carried out insofar as the finances of the ICAC will permit. This responsibility shall involve, but not necessarily be limited to:
    - (a) Determination of the number, nature and distribution of reports and publications to be issued.
    - (b) Assignments to the Secretariat or to the appropriate subcommittee of those items in the approved work program that it does not wish to reserve for itself.
    - (c) Improvement of statistics.
    - (d) Public relations.
  - (5) To prepare an agenda and timetable for the Advisory Committee and to make recommendations for consideration by that Committee. The agenda should include the date and place of the next meeting of the Advisory Committee.
  - (6) To establish practicable cooperation with the United Nations, the Food and Agriculture Organization of the United Nations, the International Institute for Cotton, and other international organizations concerned with matters of interest to ICAC.
- b. Financial

To oversee the finances of ICAC. This responsibility shall include, but not necessarily be limited to, adoption of a budget of expenditures and a scale of assessments from member governments for ICAC's next fiscal year.

c. Administrative

- (1) To create and maintain at Washington a Secretariat, which shall comprise an Executive Director and his staff. (See Article VII.)
- (2) To employ such staff as it may deem necessary for the purpose, having in mind the desirability of drawing qualified personnel as broadly as possible from participating countries.
- (3) To appoint a new Executive Director and determine the terms of his employment in the event of a need in the interim period between meetings of the Advisory Committee.
- (4) To define, as it finds necessary for the efficient conduct of business, the duties and responsibilities of any of its officers or of the Secretariat.
- (5) To recommend amendments to these Rules and Regulations.

#### **Section 4 - Assignment of Work**

The Standing Committee may assign work to any subcommittee on matters coming within the competence of that subcommittee.

#### **Section 5 - Procedures of the Standing Committee**

a. General

- (1) Meetings shall be held at the call of the Chair or the Executive Director, at the request of any member government, or by decision of the Standing Committee.
- (2) Notice of at least 10 days shall normally be given.
- (3) Meetings shall be held in private unless the Standing Committee decides otherwise.

b. Quorum

- (1) One third of the membership shall constitute a quorum.
- (2) In the absence of a quorum the meeting shall proceed if at least eight countries are represented. However, the minutes shall identify which decisions, if any, were adopted in the absence of a quorum and which governments, if any, abstained in their adoption.
- (3) Any such decisions shall normally become binding. However, members who were either absent or reserved their position may express their opposition within a period of ten days from the date of the provisional minutes and if the number of those opposing the decision is greater than those who supported the decision at the meeting, the decision will be overturned, which fact shall be reported in the final minutes.

- c. Agenda
  - (1) Adoption of an agenda shall be the first order of business at all meetings.
  - (2) A provisional agenda shall be prepared by the Executive Director and shall be transmitted to all member governments with the notice of the meeting. An item can be placed on the provisional agenda by any member of the ICAC by notifying the Executive Director at least one week prior to the meeting.
  - (3) An item can be added to the agenda during a meeting unless opposed by a majority of those members present. However, any action taken on this item shall require unanimity for its adoption at that meeting.
  - (4) Any proposal newly introduced during a meeting shall require unanimity for its adoption at that meeting.
- d. Minutes
  - (1) Provisional minutes of meetings shall be prepared in summary form. A verbatim record shall be prepared only when requested by the Executive Director, an officer, or a representative of a member government.
  - (2) Anyone present at a meeting shall have the right to revise material concerning or attributed to him. Any changes shall be notified to the Secretariat within 10 days of the meeting.
  - (3) Thereafter the final minutes shall be distributed to all member governments of ICAC.

## **ARTICLE V - OFFICERS OF THE STANDING COMMITTEE**

### **Section 1**

- a. The officers of the Standing Committee shall be Chair, First Vice Chair, and Second Vice Chair.
- b. The officers of the Standing Committee shall be elected at each regular Meeting of the Advisory Committee. They shall hold office until the election of their successors.
- c. In the election of the officers of the Standing Committee, the Advisory Committee shall take into account:
  - (i) rotation on as broad a geographical basis as possible
  - (ii) giving adequate representation both to cotton importing and cotton exporting countries
  - (iii) ability, interest, and participation in the work of the Committee
- d. Officers shall serve without compensation from ICAC. All expenses of the officers shall be paid by their own governments unless the Standing Committee decides otherwise for particular and specific assignments involving travel costs.

## **Section 2 - Term of Office**

Officers of the Standing Committee shall be elected for one year. In exceptional circumstances, they may be re-elected for one additional term. When practicable, the First Vice Chair will be nominated to succeed the outgoing Chair and the Second Vice Chair nominated to succeed the First Vice Chair.

## **Section 3 - Procedures Relating to Elections**

A nominating committee, open to all members of the ICAC, shall be convened no later than four months prior to the Plenary Meeting. The nominating committee will elect its own Chair. The nominating committee shall report to the Standing Committee which will then make appropriate recommendations to the Advisory Committee. Delegates to the Standing Committee representing countries that are more than one year in arrears in the payment of assessments to the ICAC at the time of the meeting of the nominating committee shall not be eligible for nomination as Standing Committee officers.

## **Section 4 – The Chair**

- a. The Chair shall be the principal presiding officer and ex-officio a member of all subcommittees and working groups.
- b. If for any reason the Chair cannot complete his term of office, the First Vice Chair shall become Chair ad interim for the period until a new Chair is elected.

## **Section 5 - Vice Chairs**

- a. The First Vice Chair shall preside over meetings of the Standing Committee in the absence of, or at request of, the Chair.
- b. The Second Vice Chair shall preside over meetings of the Standing Committee in absence of, or at request of, the Chair and/or First Vice Chair.
- c. If for any reason the First Vice Chair cannot complete his term of office, or if his position is vacated by reason of his having become Chair ad interim in accordance with Section 4 b. of this Article, the Second Vice Chair shall automatically become First Vice Chair ad interim for the period until new Vice Chair are elected.

# **ARTICLE VI - SUBCOMMITTEES OF THE STANDING COMMITTEE**

## **Section 1 - The Standing Committee**

The Standing Committee may establish subcommittees or working groups, prescribe their terms of reference, and terminate or discharge them.

## **Section 2**

Membership in any subcommittee or working group shall be open to any member of the Standing Committee.

### **Section 3 - Competence, Duties, and Responsibilities of the Subcommittees**

a. Each subcommittee:

- (1) Shall be responsible to the Standing Committee for work assigned to it by the Advisory Committee or by the Standing Committee.
- (2) May bring any other matter within its competence to the attention of the Standing Committee.
- (3) Shall elect its own Chair and Vice Chair. If, for any reason, the Chair of any subcommittee is unable to continue in this capacity, the Vice Chair of that subcommittee shall become chair and the subcommittee shall elect a new Vice Chair.
- (4) May prescribe its own rules of procedure, formal or informal.

## **ARTICLE VII - SECRETARIAT**

### **Section 1**

The Secretariat shall be headed by an Executive Director who shall be a full time paid employee and shall hold office during the period of his contract of employment.

- a. It shall be a condition of his employment that he shall not hold any substantial financial interest that would prejudice the conduct of the affairs of ICAC and that he shall not seek or receive instructions from any authority outside ICAC.
- b. The Executive Director shall receive equal treatment with other members of the Secretariat in all matters, except for determination and implementation of cost of living adjustments to salaries and contributions to retirement benefits which will in the case of the Executive Director be determined by the UN system.
- c. The Executive Director
  - (1) Shall be:
    - (a) Treasurer of ICAC, but without personal financial liability in the normal discharge of such duties;
    - (b) Secretary General of the Advisory Committee;
    - (c) Secretary of the Standing Committee and its subordinate bodies, unless he delegates his responsibilities to a member of his staff;
    - (d) Custodian of all records of ICAC;
    - (e) In charge of the staff of the Secretariat.

- (2) Shall have:
  - (a) Full responsibility for the work program assigned to the Secretariat;
  - (b) Responsibility for the preparation of agenda; timetables; technical documents; proceedings, notices and minutes of meetings;
  - (c) Responsibility for matters of protocol and for communication with governments, other international bodies, and with national bodies interested in the work of ICAC.
- (3) Shall:
  - (a) Represent the Standing Committee in arrangements with the host governments for meetings of the Advisory Committee;
  - (b) Assign technical assistance to committees at meetings of the Advisory Committee in consultation with the host governments;
  - (c) Prepare for the consideration of the Standing Committee an annual detailed budget to include the following headings: Salaries; pension contributions; travel and subsistence; office equipment; rent and rates, providing an indication of the staff resources to be devoted to administrative, technical and other activities.
  - (d) Prepare for the consideration of the Standing Committee a proposed scale of assessments.
  - (e) Provide on a quarterly basis details of expenditure to date against the approved budget.
- (4) Shall be responsible for such other duties or responsibilities as are assigned to him from time to time by the Advisory Committee or by the Standing Committee.

## **Section 2**

It shall be the responsibility of the Secretariat:

- a. To request from member governments the information detailed in Article IX as well as such special information as may be requested by the Advisory Committee or by the Standing Committee.
- b. To develop and maintain arrangements for the exchange of information relative to the work of ICAC with non-member governments, other international organizations, and private bodies.
- c. To prepare, publish, and distribute a Quarterly Statistical Bulletin [the frequency of this publication was changed to twice a year by action at the 43rd Plenary Meeting], a Monthly Review of the World Situation [the frequency of this publication was changed to every other month by action at the 43rd Plenary Meeting], and a Press Release based thereon, in accordance with rules prescribed by the Advisory Committee or by the Standing Committee.

- d. To prepare such other reports and analyses as may be requested by the Advisory Committee, the Standing Committee, the subcommittees, or working groups established pursuant to Article VI, Section 1.
- e. To notify member governments of meetings of the Advisory Committee, the Standing Committee and the subcommittees. The Executive Director shall decide whom to notify of other meetings.

### **Section 3**

- a. Press releases or other documents purporting to express the views or opinions of ICAC may be issued only with the approval of the Advisory Committee or of the Standing Committee, as appropriate.
- b. Statements or articles published by the Secretariat on its own initiative shall bear a disclaimer of any responsibility on the part of ICAC.

### **Section 4**

It shall be the responsibility of member governments to designate a national coordinating agency which shall serve as principal point of contact with the Secretariat.

## **ARTICLE VIII - FISCAL PROCEDURES**

### **Section 1**

The ICAC fiscal year shall begin July 1st.

### **Section 2**

For each fiscal year a budget of expenditures and a scale of assessments of member governments shall be submitted by the Executive Director to the Standing Committee, which shall be entitled to amend them in whole or in part and whose action thereon shall be final unless modified by the Advisory Committee.

### **Section 3 - Accounts**

- a. Expenditures shall be debited to the accounts of the fiscal year in which payments are actually made.
- b. Receipts shall be credited to the accounts of the fiscal year in which funds are actually received.
- c. The Secretariat shall prepare and submit to the Standing Committee quarterly statements of the current financial position of ICAC as of September 30, December 31, March 31 and June 30.

### **Section 4 - Audits**

- a. The Standing Committee shall retain an auditor of recognized standing and cause the accounts of ICAC to be audited at least once a year.
- b. Upon any change in incumbency in the office of the Executive Director, the Standing Committee may cause a special audit to be made.
- c. Each auditor's report shall be submitted to the Standing Committee and Coordinating Agencies for approval at the next meeting of the Standing Committee following receipt of the report by the Secretariat.

### **Section 5 - Funds**

- a. Unless otherwise directed by the Standing Committee, all funds received by ICAC shall go into a Working Fund. The Standing Committee shall determine from time to time a threshold dollar amount for checks written on the Working Fund by the Secretariat, at or above which written approval from the Chair of the Standing Committee is required. No individual, including the Executive Director, may sign a check drawn on any of the Committee's accounts to him or herself.
- b. A Reserve Fund is authorized in the amount to be fixed from time to time by the Standing Committee. Withdrawals from the Reserve Fund may be authorized by the Standing Committee, but only when the monies available in the Working Fund are inadequate to cover commitments or liabilities of ICAC. Each withdrawal from the Reserve Fund must be authorized in specific amount and timing.

### **Section 6 - Investment**

Funds in excess of current requirements may be invested in prime short-term income-bearing dollar securities or may be deposited in federally-insured interest-bearing accounts, as directed by the Standing Committee.

### **Section 7 - Disposal of Assets**

- a. Office furnishings and equipment no longer required by ICAC may be disposed of in accordance with procedures approved by the Standing Committee.
- b. If at any time dissolution of ICAC appears imminent, the Standing Committee shall decide how best to meet the outstanding financial obligations of ICAC and to dispose of any remaining assets.
- c. Any assets remaining, after all financial obligations have been met shall be prorated to member governments whose assessments are fully paid in proportion to the amount actually contributed by each during the current and preceding three fiscal years.

### **Section 8 - Retirement Plan**

- a. The Standing Committee is authorized to establish a retirement plan for full time members of the Secretariat.

- b. If such a plan is established,
- (1) (1) ICAC shall make annual contributions to the plan at least equal to, but no more than double, the annual contributions of participating employees.
  - (2) (2) The plan may be modified or discontinued by the Standing Committee. In case the plan is discontinued or ICAC is dissolved, each participating employee shall receive a refund, both of his contributions and ICAC's contributions on his behalf with interest accrued thereon.

## **ARTICLE IX - PROVISION OF INFORMATION**

### **Section 1**

Governments, through their coordinating agencies, shall supply such available information as may be required to carry out the work program. Such information shall be sent directly to the Secretariat by the most expeditious means as soon as it becomes available.

### **Section 2**

The following information shall be furnished each month unless otherwise indicated, except that data on regulations shall be sent only when a change is made or when specifically requested by the Secretariat.

- a. Quantities of lint cotton in local units including, where feasible, a breakdown into the following staple lengths: under 3/4", 3/4" to 1-3/8", 1-3/8" and over, or their metric equivalents.
- (1) Stocks classified by country of growth, at the end of each month:
    - (a) in mills and other consuming establishments,
    - (b) in public and private warehouses, in transit within the country, and all other locations within the country.
  - (2) Ginnings (or pressings),
  - (3) Imports, classified by country of growth or, if not available, by country of origin,
  - (4) Consumption, classified by country of growth, when feasible:
    - (a) in spinning mills and other factories,
    - (b) in households (annual estimate).
  - (5) Burned or otherwise destroyed (annual estimate),
  - (6) Exports, classified by country of destination, and where possible by variety,
  - (7) Re-exports, classified by country of destination.

- b. Indications of anticipated production such as area of cotton to be planted, fertilizer sales, planting seed distribution, intentions of farmers to plant cotton, governmental area controls and goals.
- c. Forecasts and estimates of areas planted and harvested, yields per acre, and production by varieties, as soon as available, and at least once at time of plantings and once when crop matures. Crop information should preferably be in terms of lint cotton but where only seed cotton data are available some indication of lint outturn should be supplied.
- d. Monthly, quarterly, or yearly statistics, whichever is more convenient, on production, imports by country of origin and exports by country of destination, preferably in quantity units, of cotton yarn and piece goods.
- e. Coordinating agencies are asked to report promptly, exclusive of the regular monthly report, all changes in government regulations which affect cotton.

### **Section 3**

Governments shall cooperate with the Secretariat in supplying available information where made necessary by the work program on production, imports, exports and prices of man-made cellulosic and non-cellulosic fibers and piece goods.

## **ARTICLE X - LANGUAGES**

### **Section 1**

The official and working languages of ICAC shall be English, French, Spanish, Russian and Arabic.

### **Section 2**

For meetings of the Advisory Committee:

- a. The Standing Committee shall decide what interpreting facilities the ICAC will provide. The ICAC shall not incur unbudgeted expenses in connection with these facilities.
- b. Formal statements by member governments shall be submitted by the originating government in at least one official language.

### **Section 3**

For practical purposes only, the English language normally will be used in meetings of the Standing Committee and subordinate bodies.

### **Section 4**

- a. The following shall be published in English, French and Spanish:

- Summary records of discussions in meetings of the Advisory Committee
  - Monthly Review of the World Cotton Situation [the frequency of this publication was changed to every other month by action at the 43rd Plenary Meeting]
  - Minutes of the Standing Committee [translation into French and Spanish was suspended by action at the 43rd Plenary Meeting]
- b. The following shall be published in all official languages:
- Annual Review of the World Cotton Situation
  - Report of the Chair of the Standing Committee
  - Report of the Executive Director
  - Final statement of the Plenary Meeting
- c. The Standing Committee shall determine what other documents of a substantive nature are to be printed in the various languages considering their usefulness to members and budget implications.

## **ARTICLE XI – VOTING**

### **Section 1**

- a. In their decision making the Advisory Committee and the Standing Committee shall strive for unanimity.
- b. In the event that a consensus cannot be achieved in the Standing Committee, the matter under consideration may be referred to the Advisory Committee, unless it is specified in these or other ICAC regulations, that the matter shall be put to a vote in the Standing Committee. The Advisory Committee shall proceed by consensus. In the event of a consensus not being achieved in the Advisory Committee, the matter shall be put to a vote at the request of any delegate, in which case the adoption of any recommendation or proposal shall require the approval of a two-thirds majority of member governments present and voting.
- c. Each member government shall be entitled to one vote.
- d. An abstention shall not be considered as a vote.
- e. Voting normally shall be by a show of hands unless the majority of members present and voting request roll call. A secret ballot shall be taken when requested by any member.

## **ARTICLE XII - COOPERATION WITH OTHER ORGANIZATIONS**

### **Section 1**

- a. ICAC shall cooperate with other organizations, public or private, national or international. The Standing Committee shall determine the organizations and the nature and extent of such cooperation.
- b. These organizations, as well as non-member governments and the public, may, with the approval of the host government, be invited to attend sessions of the Advisory Committee. Participation in the meetings shall be on such terms as the Advisory Committee or the Standing Committee may prescribe.

### **ARTICLE XIII - AMENDMENTS**

These Rules and Regulations may only be amended by the Advisory Committee unless specifically referred for amendment to the Standing Committee.

### **ARTICLE XIV - SUPERSESION**

These Rules and Regulations adopted June 16, 1972 supersede any prior act, resolution, or Rules and Regulations inconsistent with their provisions.

## LEGISLATIVE FINANCIAL STATEMENT

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

#### **1.1. Title of the proposal/initiative**

Proposal for a Council Decision regarding the EU accession to the International Cotton Advisory Committee (ICAC)

#### **1.2. Policy area(s) concerned in the ABM/ABB structure**

External Relations, Development and relations with ACP States. Obligations to international commodity organisations.

#### **1.3. Nature of the proposal/initiative**

Legislative act to enable the EU to become a member of the International Cotton Advisory Committee (ICAC)

#### **1.4. Objective(s)**

EU accession to the ICAC should be seen in the context of the EU's general approach of participating to the International Commodity Bodies (ICBs), as a tool for facilitating trade and trade relations between importers and exporters. The decision to participate in agreements of this type, which are seen as a way of facilitating development, is based on a detailed analysis of their objectives, which have been identified as follows: trade, facilitation of transparency in the cotton trade, encouraging members to embark on and develop a sustainable cotton economy, and a forum for consultations between Governments. The proposal and its objectives are consistent with the other financial instruments for the EU's participation in international organisations.

#### **1.5. Grounds for the proposal/initiative**

The initiative will enable the EU to participate and act as a full member in the international organisation's work on cotton, which is also in accordance with the wishes expressed several times by the Member States.

#### **1.6. Duration and financial impact**

No time limit is foreseen for the EU membership of ICAC. An annual contribution will be due.

#### **1.7. Management method(s) envisaged**

Commission's direct participation in the work of the ICAC with exclusive competence in line with the legal basis of this proposal (Articles 207 TFUE).

### **2. MANAGEMENT MEASURES**

#### **2.1. Monitoring and reporting rules**

In representing and speaking for the EU the Commission regularly reports on its work and activities both internally and to the Council in the framework of the PROBA Working Party on Commodities.

## **2.2. Management and control system**

The Commission is informed of and follows, on a constant basis, the ICAC's administrative and financial management.

## **2.3. Measures to prevent fraud and irregularities**

The ICAC offers the assurance that OLAF (European Anti-Fraud Office) or any other financial service may have access to its accounts and carry out audits or checks if so desired by the Commission. The ICAC undertakes to accommodate any inspection, investigation or visit at its premises.

## **3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

### **3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected**

Budget line 21 07 04 – Commodity agreements

### **3.2. Estimated impact on expenditure**

#### *3.2.1. Summary of estimated impact on expenditure*

First annual contribution should be around 360,000 USD. Contribution is calculated on an annual basis as a function of the number of ICAC's members (fixed part) and of the volume of raw cotton traded by each member (variable part). It may slightly vary from year to year; no major change is foreseen so far.

#### *3.2.2.*

### **3.3. Estimated impact on revenue: no**

## 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

### 1.1. Title of the proposal/initiative

Proposal for a Council Decision regarding the EU accession to the International Cotton Advisory Committee (ICAC)

### 1.2. Policy area(s) concerned in the ABM/ABB structure<sup>3</sup>

External Relations, Development and relations with ACP States. Obligations to international commodity organisations.

### 1.3. Nature of the proposal/initiative

The proposal/initiative relates to **a new action**

The proposal/initiative relates to **a new action following a pilot project/preparatory action**<sup>4</sup>

The proposal/initiative relates to **the extension of an existing action**

The proposal/initiative relates to **an action redirected towards a new action**

### 1.4. Objectives

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

In the context of ABM this proposal is designed to achieve the goal of developing the Commission's role as an intellectual focal point for development through its direct and effective participation in the international debate on cotton.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No.4 : promote sustainability in trade of the selected commodity

ABM/ABB activity(ies) concerned : 21 07 Development cooperation actions and ad-hoc programmes

1.4.3. *Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

The proposal will give the Commission exclusive competence to act on behalf of the EU in order to express its policy and its position on the activities of ICAC in accordance with the EU's overall policy guidelines. Therefore it is in the Commission's interest to propose this decision in conformity with its institutional role and the wishes expressed several times by the Member States.

The impact will mainly be felt in ICAC's strategic action and in its management.

The EU contribution will contribute to the administrative and operational budget of ICAC.

<sup>3</sup> ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

<sup>4</sup> As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

#### 1.4.4. *Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

As this is an international commodity body, there is no real indicator that can be used to measure the achievements of the proposal. However the willingness of all members to continue international cooperation may be considered a positive and satisfactory indicator. Progress towards a policy of sustainability may also be interpreted as a positive indicator.

### 1.5. **Grounds for the proposal/initiative**

#### 1.5.1 *Requirement(s) to be met in the short or long term*

Payment of the annual contribution.

#### 1.5.2. *Added value of EU involvement*

Involvement of the EU and consistency of its action with its policy. Fostering the cooperation of member states while reinforcing their role and expertise. The absence of such an International Community Body would complicate and even hinder cooperation, which might in turn undermine cooperation on cotton. The EU membership would stabilize ICAC's membership and secure its status.

#### 1.5.3. *Lessons learned from similar experiences in the past*

The experience of EU participating to ICBs is positive and appreciated by the ICBs.

#### 1.5.4. *Coherence and possible synergy with other relevant instruments*

Synergy with development cooperation programmes on cotton (in the framework of the EU-Africa-Partnership on Cotton) will be enhanced through active membership of ICAC.

### 1.6. **Duration and financial impact**

Proposal/initiative of **limited duration**

Proposal/initiative in effect from

Financial impact from

Proposal/initiative of **unlimited duration**

Implementation with a start-up period from 2012 to 2012, followed by full-scale operation.

### 1.7. **Management mode(s) envisaged<sup>5</sup>**

**Centralised direct management** by the Commission

**Centralised indirect management** with the delegation of implementation tasks to:

executive agencies

bodies set up by the Communities<sup>6</sup>

<sup>5</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [http://www.cc.cec/budg/man/budgmanag/budgmanag\\_en.html](http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html)

- national public-sector bodies/bodies with public-service mission
- persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation
- Shared management** with the Member States
- Decentralised management** with third countries
- Joint management** with international organisations (*to be specified*)

## 2. MANAGEMENT MEASURES

### 2.1. Monitoring and reporting rules

*Specify frequency and conditions.*

In representing and speaking for the EU the Commission regularly reports on its work and activities both internally and to the Council in the framework of the PROBA Working Party on Commodities. Commission's participation is meetings of the relevant forum 5 to 6 times a year.

### 2.2. Management and control system

#### 2.2.1. Risk(s) identified

Dissolution of the Organisation (rather unlikely to happen)

#### 2.2.2. Control method(s) envisaged

The Commission's delegation, as a member of the Advisory Committee and of the Standing Committee, has controlling and management powers. Both committees discuss and approve the administrative budget. All the accounts are made available to members and audits are performed once per year.

### 2.3. Measures to prevent fraud and irregularities

*Specify existing or envisaged prevention and protection measures.*

The ICAC offers the assurance that OLAF (European Anti-Fraud Office) or any other financial service may have access to its accounts and carry out audits or checks if so desired by the Commission.

The ICAC undertakes to accommodate any inspection, investigation or visit at its premises

---

<sup>6</sup> As referred to in Article 185 of the Financial Regulation.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Description]	DA/NDA <sup>(7)</sup>	from EFTA <sup>8</sup> countries	from candidate countries <sup>9</sup>	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
	21.07.04 Commodity Agreement		NO	NO	NO	YES/NO

- New budget lines requested

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading]	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
			YES/NO	YES/NO	YES/NO	YES/NO

<sup>7</sup> DA= Differentiated appropriations / DNA= Non-Differentiated Appropriations

<sup>8</sup> EFTA: European Free Trade Association.

<sup>9</sup> Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

<b>Heading of multiannual financial framework:</b>	Number	[Heading]
--	--------	-----------

DG: DEVCO			Year N <sup>10</sup>	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL (N+10)
• Operational appropriations										
Number of budget line 21.07.04	Commitments	(1)	0.300	0.315	0.331	0.347	0.365	0.383	<b>0.402</b>	<b>3.773*</b>
	Payments	(2)	0.300	0.315	0.331	0.347	0.365	0.383	<b>0.402</b>	<b>3.773*</b>
Number of budget line	Commitments	(1a)								
	Payments	(2a)								
Appropriations of an administrative nature financed from the envelop of specific programs <sup>11</sup>										
Number of budget line		(3)								
<b>TOTAL appropriations for DG DEVCO</b>	Commitments	=1+1a +3	0.300	0.315	0.331	0.347	0.365	0.383	<b>0.402</b>	<b>3.773*</b>
	Payments	=2+2a +3	0.300	0.315	0.331	0.347	0.365	0.383	<b>0.402</b>	<b>3.773*</b>
• TOTAL operational appropriations										
	Commitments	(4)								

<sup>10</sup> Year N is the year in which implementation of the proposal/initiative starts.

<sup>11</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelop of specific programs		(6)								
<b>TOTAL appropriations under HEADING of the multiannual financial framework</b>	Commitments	=4+ 6	0.300	0.315	0.331	0.347	0.356	0.383	<b>0.402</b>	<b>3.773*</b>
	Payments	=5+ 6	0.300	0.315	0.331	0.347	0.356	0.383	<b>0.402</b>	<b>3.773*</b>

\* the annual contribution to ICAC is calculated on the basis of a fix part (40% of ICAC's budget equally shared by all ICAC's members) and of a variable part (60% of ICAC budget, as a pro rata of the members' raw cotton traded volumes). 2012 contribution : 360,000 USD /Exchange rate considered for 2012: 1.4 USD/EUR + 20% margin + 5% increase per year.

**If more than one heading is affected by the proposal / initiative:**

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelop of specific programs		(6)								
<b>TOTAL appropriations underfor HEADINGS 1 to 4</b> of the multiannual financial framework  (Reference amount)	Commitments	=4+ 6	0.300	0.315	0.331	0.347	0.356	0.383	<b>0.402</b>	<b>3.773*</b>
	Payments	=5+ 6	0.300	0.315	0.331	0.347	0.356	0.383	<b>0.402</b>	<b>3.773*</b>

<b>Heading of multiannual financial framework:</b>	<b>5</b>	" Administrative expenditure "
--	----------	--------------------------------

EUR million (to 3 decimal places)

		Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
DG: DEVCO									
• Human resources		0.100	0.100	0.100	0.100	0.100	0.100	0.100	<b>1.000</b>
• Other administrative expenditure									
<b>TOTAL DG DEVCO</b>	Appropriations								

<b>TOTAL appropriations under for HEADING 5</b> of the multiannual financial framework	(Total commitments = Total payments)	0.100	0.100	0.100	0.100	0.100	0.100	0.100	<b>1.000</b>
---	--------------------------------------	-------	-------	-------	-------	-------	-------	-------	--------------

EUR million (to 3 decimal places)

		Year N <sup>12</sup>	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
<b>TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework</b>	Commitments	0.400	0.415	0.430	0.447	0.465	0.483	<b>0.502</b>	<b>4.773</b>
	Payments	0.400	0.415	0.430	0.447	0.465	0.483	<b>0.502</b>	<b>4.773</b>

---

<sup>12</sup> Year N is the year in which implementation of the proposal/initiative starts.

3.2.2. *Estimated impact on operational appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

3.2.3. *Estimated impact on appropriations of an administrative nature*

Summary

X The proposal/initiative does not require the use of administrative appropriations

3.2.4. *Estimated requirements of human resources*

- The proposal/initiative does not require the use of human resources
- The proposal/initiative requires the use of human resources, as explained below:

*Estimate to be expressed in full amounts (or at most to one decimal place)*

	Year N	Year N+1	Year N+2	Year N+3	... enter as many years as necessary to show the duration of the impact (see point 1.6)				
<b>• Establishment plan posts (officials and temporary agents)</b>									
21 01 01 01 (Headquarters and Commission's Representation Offices)	1	1	1	1	1		1	1	
XX 01 01 02 (Delegations)									
XX 01 05 01 (Indirect research)									
10 01 05 01 (Direct research)									
<b>• External personnel (in Full Time Equivalent unit: FTE)<sup>13</sup></b>									
XX 01 02 01 (CA, INT, SNE from the "global envelope")									
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)									
XX 01 04 yy <sup>14</sup>	at Headquarters <sup>15</sup>								

<sup>13</sup> CA= Contract Agent; INT= agency staff ("Intérimaire"); JED= "Jeune Expert en Délégation" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert;

<sup>14</sup> Under the ceiling for external personnel from operational appropriations (former "BA" lines).

<sup>15</sup> Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

	In delegations							
XX 01 05 02 (CA, INT, SNE - Indirect research)								
10 01 05 02 (CA, INT, SNE - Direct research)								
Other budget lines (specify)								
TOTAL								

**XX** is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary agents	Coordination of action with Members States- Linking with cotton-related EU policies - Taking part to meetings and ICACs activities.
External personnel	

3.2.5. *Compatibility with the current multiannual financial framework*

- Proposal/initiative is compatible with the current multiannual financial framework.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.
- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework<sup>16</sup>.

3.2.6. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties
- The proposal/initiative provides for the co-financing estimated below:

**3.3. Estimated impact on revenue**

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
  - on own resources
  - on miscellaneous revenue

---

<sup>16</sup> See points 19 and 24 of the Interinstitutional Agreement.