



Brussels, 15.11.2016
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2016/0349 (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. 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 clearinghouse for technical information on cotton production and 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. It is not engaged in cotton price setting or determination.

To date, the ICAC is one of the few ICBs¹ where the European Union (EU) is not a member, whereas nine Member States have been members of the ICAC in their own right (Belgium, Germany, Greece, Finland, France, Italy, Netherlands, Poland and Spain). Membership of ICAC is in the interest of the Union, owing to the significance of cotton to the Union's economy. 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 remaining a main donor to the African cotton sector.

On various occasions (namely in its conclusions of 2004 (ref. 8972/04), 2008 (ref. 9986/08) and 2010 (ref. 9648/10)), the Council of the European Union has requested the European Commission to consider EU membership of ICAC. It authorised the Commission in 2013 to negotiate, on behalf of the European Union and on the basis of negotiating directives, the accession of the Union to ICAC (*Council Decision 13406/13, 16 Sept. 2013*). In view of the accession of the Union to ICAC, all the Member States have notified ICAC of their withdrawal from membership in line with Article II, section 3 of the ICAC's rules and regulations².

2. LEGAL BASIS

As trade issues represent the most important part of ICAC's tasks, the legal basis should be Article 207 TFEU.

3. RESULTS OF STAKEHOLDERS CONSULTATIONS 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 and paying one contribution in the appropriate ICB, taking into account the views of the EU Member States,
- provide the EU access to information on cotton issues, in order to follow the cotton market and influence the cotton agenda,

¹ EU is member of the International (I) Coffee Organisation (O), I. Cocoa O., I. Tropical Timber O., I. Sugar O., I. Olive Oil Council (C), I. Grains C., I. Rubber Study Group (SG), I. Lead and Zinc SG, I. Nickel SG, I. Non-Ferrous Metals SG.

² See ICAC official website: <https://www.icac.org/about-International-Cotton-Advisory-Committee/rules>

- facilitate linkages and partnerships between the EU private sector (cotton and textiles), cotton producers and consumers (from the EU and from developing countries), and public authorities.

The ICAC Secretariat is in favour of EU membership as it will increase the importance and international status of ICAC as an ICB. It has definitely asserted that EU has no liability at all in any current or future financial arrears of any members.

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 first contribution of maximum EUR 400 000 would be required, which will give the EU an appropriate influence in ICAC affairs and allow broad EU involvement in ICAC's activities.

5. OTHER ELEMENTS: implementation plans

The Union will ensure that all the benefits of its accession shall be shared with the Union Member States. Membership of subcommittees and working groups will be open to representatives from Member States as part of the Union delegation, taking into account the importance of all the cotton value chain including production and consumption in regions of the Union where it is important for the agricultural and industrial economy and the trade business. Especially in the Private Sector Advisory Panel (PSAP) the European Commission representative will be accompanied by alternates and observers as per MS requests according to Article VI Section 3 a (1) of the ICAC Rules and Regulations.

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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) thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament³,

Whereas:

- (1) The European Union (EU) is not a member of the International Cotton Advisory Committee, while it is already a member of a number of International Commodity Bodies.
- (2) On 27 April 2004, 27 May 2008, 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) On 16 September 2013, the Council authorised the Commission to negotiate, on behalf of the European Union, the accession of the Union to the ICAC in accordance with Article II, Sections 1 and 2 of its Rules and Regulations⁴, stating that membership of ICAC is in the interest of the Union, owing to the significance of cotton to the Union's economy; 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 remaining a main donor to the African cotton sector.
- (4) The Union will pay a contribution in line with Article II Section 2 a.(2) (c) of the ICAC Rules and Regulations. The EU cannot be held liable for any current or future financial arrears of any members in the ICAC.
- (5) The Protocol 4 on Cotton of the Act of the Hellenic Republic accession to the Union⁵ should continue to be taken into account after the Union's accession to ICAC.

³ OJ C , , p. .

⁴ Rules and regulations of the International Cotton Advisory Committee as adopted by the 31st Plenary Meeting, 16 June 1972, with amendments by the 74th Plenary Meeting, 11 December 2015. See ICAC official website: <https://www.icac.org/about-International-Cotton-Advisory-Committee/rules>

⁵ Official Journal of the EU, L 291, 19/11/1979

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.

Article 2

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.

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*