Committee of Management

Proceedings

Mauritius, October 14, 2008
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**ITMF Official:** The Director General

**In the Chair:** Walter Simeoni (South Africa)  
President of ITMF
Opening Remarks by the President

Mr. Walter Simeoni (South Africa) welcomed the members of the Committee to the meeting. He thanked everybody to have come to attend this year’s Annual Conference in Mauritius and thanked the Mauritius Export Association (MEXA) for hosting this year’s Conference.

He extended a special welcome to the new member associations, China, the Netherlands and Tunisia and regretted that the latter one was not represented at the meeting. He also welcomed the new corporate members, Welspun (India), Esquel (Hong Kong) and Sadaqat Textile Mills (Pakistan).

Proceedings of the Last Meeting & Matters Arising There From

The Proceedings of the last meeting of the Committee of Management of ITMF, held in Cairo, Egypt, on November 20, 2007, were duly circulated on March 3, 2008, and approved by way of correspondence. There were no matters arising from the Proceedings other than those included in this agenda.

Appointment of Auditors, Solicitors and Bankers

The following appointments were confirmed:

Auditors: Universe, Zürich
Solicitors: Dres. Pestalozzi Lachenal & Patry, Zürich
Bankers: Credit Suisse, Zürich

Financial Report by the Honorary Treasurer

The following report was presented by Mr. Xavier Ballús (Spain), Honorary Treasurer of the Federation:

The Balance Sheet and the Statement of Income and Expenditures as authorized by Universe, Zürich, were circulated to the Members of the Committee on March 3, 2008 and approved by post.

At the end of 2008, the Federation’s net assets stood at CHF 961,975, an increase of CHF 107,046 from their level in 2006.

The Federation’s total income fell by CHF 227,975 to CHF 638,363 compared to 2006, a decrease of -26.3%. Fees from member associations amounted to CHF 298,980. Compared to the CHF 417,975 in 2006 this represents a drop of CHF 118,995. This is mainly the result of the end of extraordinary contributions in the amount of CHF 100,000 p.a. which the Turkish member association has contributed to ITMF for the preparation of special sector studies in the years 2005 and 2006. The main reason
for the continued decline of income arising from subscription fees of member associations is the shrinking textile productions in almost all member countries – mainly of the industrialised world – on which member associations are being levied.

Fees from associate members fell by CHF 30,500 to CHF 126,300 due to the resignation of CIRFS (European Man-made Fibre Association – CHF 20,000), whereas those of corporate members increased by CHF 5,000 to CHF 112,500. Revenues from sales of publications were down by CHF 4,740 compared to the previous year reaching CHF 125,760. In comparison to 2006 when joining fees amounted to CHF 31,175, this income category did not contribute to the Federation’s income in 2007.

The loss on receivables – mainly payment defaults on outstanding invoices from 2006 rose compared to 2006 from CHF 23,019 to CHF 30,541.

The contribution of net investment and interest income was negative in 2006 (CHF -6,575) compared to 2006 (CHF 20,689).

It is proposed that for 2009 the basis of calculation of Member Associations’ subscriptions remains unchanged:

• The minimum levy shall remain at CHF 4,000.

• Subscription which fall between the upper and lower limits shall continue to be calculated according to the subscription formula based on an unaltered unit rate of CH 0.065064.

• No Member Association shall pay a subscription representing less than 60% of total national yarn production by the spinners, and consumption by the weavers, in the cotton-system sector.

It is also proposed that Associate Members’ levies shall for 2008 be as follows:

Textile Associations
CHF 15,000 Taiwan Textile Federation

Cotton Associations
CHF 7,000 each American Cotton Shippers Association
Cotton Incorporated
International Cotton Association
National Cotton Council of America

CHF 5,000 each Australian Cotton Shippers Association
Bremen Cotton Exchange
Cotton Association of India
Cotton Egypt

Man-Made Fibre Associations
CHF 20,000 American Fibre Manufacturers Association
Textile Machinery Associations
CHF 15,000  German Machinery Manufacturers Association (VDMA)
CHF 12,000  Swiss Machinery Manufacturers Association
CHF 7,000   American Textile Machinery Association

Corporate Members
Corporate Members shall pay an annual levy on the basis of turnover, the minimum amounting to CHF 5,000 p.a. for companies with a turnover not exceeding USD 100 million. For a turnover between USD 100 and 200 million, the fee will raise to CHF 7,500 and for a turnover in excess of USD 200 million to CHF 10,000 (maximum).

Dr. Kraatz asked whether the 2009 budget will be balanced and received the reply that the budget will be similar to that of 2007 and 2008 (excluding portfolio and conference result), e.g. a deficit of approx. CHF 5,000.

Mr. Narin stated that the ITMF will have to increase its income by attracting more members which in return requires additional efforts and activities by the Federation.

The report by the Honorary Treasurer was unanimously approved by the Committee.

ITMF - Activity Report by the Director General

The main activities of the Secretariat since the last meeting of the Committee held in Cairo, Egypt on November 20, 2007 are summarised hereunder in chronological order.

December 2007
- Visit to Mauritius in preparation of the Annual Conference 2008 together with Mr. Salim Ismail, MEXA Chairman of the Organising Committee and member of the ITMF Advisory Board. Meeting with the Minister of Industry, Dr. Rajesh Jeetah, MEXA Chairman Georges Chung and MEXA Director, Danielle Wong, as well as Lilowtee Rajmun. Discussions about the support of the government, the exact date of the Conference, the content of the program, possible speakers, the budget, etc. Meeting with representatives of the Conference Hotel, Le Méridien Ile Maurice. Discussing room rates, amount of rooms available for ITMF delegates, etc. Inspections of various sites of the social program.

- Presentation of the Senior Advisor, Dr. Herwig Strolz, in Tashkent, Uzbekistan on the occasion of the “International Uzbek Textile Fair” as key note speaker.

January 2008
- Meeting in Lausanne with Professor Lehman, IMD. Preparation of the ITMF Annual Conference 2008 in Mauritius.
• Meeting with Mr. Koslowski, Editor-in-Chief, Deutscher Fachverlag. Discussion on possible speakers for the ITMF Textile Machinery Workshop on April 17, 2008 as well as for the ITMF Annual Conference 2008 in Mauritius.

February 2008
• Meeting with Mr. Legler, ITEMA Weaving (Sultex), in Rüti/ZH (Switzerland). Discussion on the format of the ITMF Textile Machinery Workshop to be held in Zürich on April 17, 2008.

• Participation in a seminar held in Zürich on the potential of technical textile and non-wovens in China organized by Messe Frankfurt.

• Meeting with Dr. Thomas Schweizer, Managing Director, SwissTextiles, in Zürich. Discussion on ways and means to contact relevant persons/organisations in Russia.

March 2008
• Meeting with Mr. G. Gherzi, Gherzi Textil Organisation, in Zürich. Discussion on his active participation as a presenter at the ITMF Textile Machinery Workshop on April 17, 2008.

• Meeting in Ho Chi Minh City (HCMC)/Vietnam with Mr. Pham Gia HUANG, Director of External Affairs, VITAS Office HCMC. Discussion on the possibility of the Vietnam Textile and Apparel Association (VITAS) joining the Federation as well as on the feasibility to organize an ITMF Study Tour to Vietnam in the near future. Visit of one textile and one apparel mill near HCMC: 1) Esquel Garment Manufacturing (VN) Co., Ltd. and 2) Phong Phu Fabric Joint Stock Company

• Participation in the Golden Jubilee Celebrations of the Confederation of Indian Textile Industry (CITI) as well as in the 3rd Asian Textile Conference (ATEXCON) organised by CITI at which the ITMF President, Walter Simeoni, gave a presentation.

April 2008
• Participation in the biennial meeting of the ITMF International Committee on Cotton Testing Methods (ICCTM) together with the meeting of the ICAC Committee on Commercial Standardisation of Instrument Testing of Cotton (CSITC) in Bremen, Germany. The Committee elected a new Chairman and Vice Chairman as well as new Steering Committee. During the 2 day meeting various papers were presented in the different Task Forces (HVI, stickiness, colour, etc.).

• Presentation by the Director General at the 29th International Cotton Conference in Bremen/Germany on the results of the Cotton Contamination Survey 2007.

• Meeting of the Director General and Mr. Heinz Bachman, Special Representative China Affairs and member of the ITMF Advisory Board, in Beijing, China with representatives of the China National Textile & Apparel Council (CNTAC). Discussion on the question of ITMF membership.
Traditional spring meeting of the ITMF Board in Zürich. Preparation of the extraordinary meeting of the ITMF Committee of Management which convened to decide on the question of ITMF membership of the National China Textile & Apparel Council (CNTAC) and discussed the working programme of the current year.

Extraordinary meeting of the ITMF Committee of Management in Zürich in order to decide on the new membership status of the Taiwan Textile Federation (TTF) in view of the pending membership application of the China National Textile & Apparel Council (CNTAC) as a full member association representing China.

ITMF Textile Machinery Workshop followed by the traditional ITMF Textile Machinery Dinner in Zürich between ITMF's Honorary Officers and members of the ITMF Committee of Management on the one hand and CEOs of leading international textile machinery companies on the other. During the workshop the preliminary results of the International Textile machinery Shipment Statistics (ITMSS) 2007 were presented.

Meeting with Mr. Don Brasher, President, Global Trade Information Services (GTIS), in Zürich. Discussion on the possibility to offer GTIS services on discounted rates to ITMF members.

Meeting with Mr. Geoff Fisher, Director, Textile Media Services Ltd., in Zürich. Discussion on the mutual exchange of publications between our two organisations.

May 2008

Meeting with Peter Kreitals, Australia, in Zürich. Discussion on the situation of the Australian textile industry.

Presentation of the Director General at the Spinnerei-Kolloquium (Spinning Mill Conference) in Denkendorf, Germany, about the ITMF publication “International Production Cost Comparison (IPCC) 2006”.

June 2008

Meeting with Professor Thomas Gries, Aachen, Germany, in Zürich. Discussion about his presentation at the upcoming ITMF Annual Conference in Mauritius as well as on the possibility to intensify the cooperation between his institute and the Federation.

Meeting with the delegation of the Turkish Textile Employers’ Association led by Mr. Ertekin Ashaboglu in Zürich. Discussion on the preparation of the ITMF Annual Conference in Mauritius and the financial situation of the Federation.

July 2008

Participation in a meeting of the Organising Committee of the “International Year of Natural Fibres Conference (IYNFC) 2009” in Frankfurt, Germany organised by Messe Frankfurt. The meeting discussed the feasibility to hold the IYNFC in Frankfurt, Germany on June 17/18, 2009 in conjunction with TechTextil 2009 (June 16-18, 2009).
- Meeting with Dr. Schweizer, Director, SwissTextiles, in Zürich. Discussion on how the Federation could improve its services for its members.

- Meeting with Mr. Grant McKibben, Head of Membership Development, World Economic Forum (WEF), in Geneva. Discussion on possible cooperation between the WEF and the Federation.

- Meeting of the ITMF President, Walter Simeoni, the ITMF Vice President, Halit Narin, the ITMF Special Representative China Affairs and member of the Advisory Board, Heinz Bachmann, and the Director General with a delegation of the China National Textile & Apparel Council (CNTAC) led by the Chairman, Mr. Du, during the ITMA Asia + CITME 2008 exhibition in Shanghai. Formal celebration regarding the admission of the CNTAC as a new member of the Federation.

**August 2008**

- Meeting of the Director General and the ITMF Economist with Mr. Ulrich Frodermann, President, Oerlikon Barmag, Germany, in Zürich. Discussion on the compilation of data for the next edition of the International Production Cost Comparison (IPCC) study (2008).

**September 2008**

- Meeting with Mr. Henrik Kuffner, Director, International Wool Trade Organisation (IWTO) in Paris, France. Based on his experience with IWTO conferences in China discussion on the next ITMF Annual Conference 2009 scheduled for October 23-25 in Shanghai, China, in conjunction with the Intertextil Exhibition in Shanghai (Oct. 20-23, 2009).

- Meeting with Mrs. Stephanie Keukert, Messe Frankfurt, in Paris, France. Discussion on the possibility to cooperate in one way or the other during the ITMF Annual Conference in Shanghai, China, in 2009.

- Participation in the Annual Meeting of the Austrian Textile Association (58. Jahrestagung der Österreichischen Textilindustrie) in Götzis, Austria.

The report was unanimously approved by the Committee.

**Report by the Spinners Committee**

The Chairman of the Spinners Committee, Mr. Andrew Macdonald (Brazil), presented the following report:

The 11 distinguish members of the Committee have continued to give solid support to the Committee’s work. We owe these gentlemen our sincere appreciation for sacrificing so much of their busy time. Also personally I must recognise the tremendous support that we receive from the Director General and the Secretariat.
On Thursday the Committee members will travel to India for a visit to the cotton growing areas to see for ourselves the agricultural revolution which is occurring in India as far as cotton is concerned, as well as meeting and discussing the situation with government and local authorities, and with the Cotton Association of India. The visit has been organised by Mr Patodia, one of our Spinner Committee members, and we are very grateful to him and Mr. Gajaria for all their preparatory work. We look forward to a fruitful visit, and will report back to the Federation and the members, shortly after returning home.

Here in Mauritius, we held our annual meeting on Sunday morning and discussed the technical changes in the cotton world which could, and will affect spinners in the future. Our previous concern reported to you at the last meeting of this Committee regarding the Instrument Testing Committee, was discussed. With the appointment of Mr Vijay Shankar as Chairman of this important committee, we are hopeful that some useful progress can be made as regards the approval of new testing instruments as well as evaluation of current ones. The emphasis being that the instrument should have a commercial utility rather that being purely useful for scientific purposes.

The Committee discussed the need to press forward with introduction of more and more HVI data into the trading of cotton. The instrument testing of cotton is now well known and accepted and we feel that the textile industry as one, should today insist on purchasing cotton based on HVI specifications, so that we have a more accurate picture of the cotton that we buy. A further advantage being that the details of the shipment may be sent by electronic means, in advance of the arrival of the cotton, allowing for better planning of the mixes. Also eventually savings can be achieved by the buyers no longer needing to draw fresh samples and re-class the cotton, which is a considerable cost.

The Committee discussed what the future impact of DNA identification of cotton might mean to Spinners, especially as regards the identification of genetically modified cotton in the cotton fibre itself, which might have been purchase as Organic or Fair Trade. The impact of this technology could have a lasting effect on the industry, by improving the certification of specific cotton, like pure organic cotton, but on the other hand it could of course show irregularities in the raw materials of which the spinners were unaware, and then appear in the final garment as incorrectly labelled. The committee will follow this development with much care.

In order to maintain the consistent work of your committee, we also discussed where and which countries we should visit in 2009. East Africa was suggested especially in view of the growing importance of Organic Cotton in that region, which would allow us a better understand as to what certification of Organic Cotton really means, and the benefits it brings to the farmer.

We invited Mrs. Anna Bexell to our meeting, Anna being the Chair of Better Cotton Initiative (BCI) in order that she might participate in our deliberations, but also so that we could also support this new and revolutionary approach to improving the image of cotton without a forced and many times a false marketing program; i.e. programs directed to convince the consumer to buy a product on the basis that conventional cotton is bad. If cotton is to remain the principle fibre for the spinning industry we need to tackle this problem of sensational journalism being waged against conventional cotton.
We were also honoured with the presence of Mr Albert Fu representing the Chinese delegation and we look forward to further contact from our Chinese colleagues at our meetings.

The report was unanimously approved by the Committee.

Report by the Joint Cotton Committee

At the meeting of the Joint Cotton Committee, the Chairman, Mr. Patodia (India), presented his apologies for his absence in writing, and the Committee elected Andrew Macdonald to chair the meeting. He presented the following report:

The meeting was well attended which was a satisfying proof of the interest in the meetings of this Committee.

Various aspects of the cotton business were discussed and some time was spent on the question of commercial tolerance/variations for all the characteristics which may be tested with HVI instruments today. At present only micronaire and strength are covered in the international trading contracts. The Spinners Committee expressed their preoccupation, that the new rules for the arbitration of cotton contracted under the specifications of instrument testing, being without a default position stipulated in the rules, both parties might be at risk in a dispute, if such specifications had been included in the contract, with including an allowance procedure. The Spinners offered to prepare a calculation of the technical loss which might be occurred by the cotton being outside of specification. The traders, in the form of ACSA promised to study the question of recommending the inclusion of some tolerances and allowances in the rules, in case a dispute on theses characteristics ever came to arbitration.

The Committee discussed the problem of fraudulent marketing of products regarding country of origin and brands like Supima, especially in the light of DNA analysis of cotton in the future which could assist in the problem. The Committee will keep the question under review.

Other subject discussed where the future of organic cotton from the traders’ point of view, packaging of bales, and the current situation of CSITC.

Under any other business a question was raised about risk management, and how the textile industry could better protect itself from the market risk. Mr. Nicosia President of ACSA explained that risk coverage was always available, but that, and especially today, it is expensive and spinners are generally not prepared to pay the cost.

The Committee was delighted to welcome representatives from the Chinese delegation at the meeting and looks forward to their continued participation.

The report was unanimously approved by the Committee.
Report by the Intern. Committee on Cotton Testing Methods

On April 1-2, 2008 the Committee met in conjunction with the ICAC Committee on Commercial Standardisation of Instrument Testing on Cotton (CSITC) during the International Cotton Conference in Bremen/Germany. The proceedings of this meeting ("Progress Report 2008") are available on the ITMF website in the "Reports" section). The main results are the following:

- New Chairman and Vice Chairman have been elected. Prof. Dr. Anton Schenek, University of Applied Science in Reutlingen/Germany, stepped down after more than 20 years serving the Committee as Chairman. He was followed by Mr. Vijay Shankar, Apac Inti Corpora, Indonesia, who is also a member of the ITMF Spinners Committee with a very good scientific background. Prof. Schneider, University of Applied Science in Berlin, stepped down as Vice Chairman after serving the Committee for eight years in this position. He was followed by Mr. Axel Drieling, Bremen Fibre Institute, Germany.

- Additionally, a new Steering Committee has been formed with experts from the cotton and textile industry that should provide input for the ICCTM with regard to commercial needs and assist in raising funds for projects. The members of the Steering Committee are: Mr. Terry Townsend (ICAC), Mr. Jan Wellmann (Bremen Cotton Exchange), Mr. Darryl Earnest (USDA), Mr. Christoph Färber (Trützschler) and Mr. Andrew Macdonald (ITMF Spinners Committee).

- It has been agreed also that the ICCTM should continue to meet with the CSITC. The ICCTM should be seen as a more scientifically driven body that focuses on the development of acceptable cotton testing methods, the development of respective instruments and the suitability of them for the textile industry. The CSITC as a more commercially driven body that focuses on the implementation of high volume cotton testing for the worldwide commercial purposes, regarding the trading with cotton as well as the subsequent use of the test results at the spinning mills.

- The members of the Committee have confirmed that the ICCTM-website which is accessible for ICCTM-members only is a useful tool to facilitate and intensify communication and the exchange of information between members.

The report was unanimously approved by the Committee.

Membership

The following applications for membership of the Federation were received since the last Committee meeting and approved by way of correspondence:

**Full Members**

Centre Technique du Textile (CETTEX), TUNISIA

(January 2008)
MODINT/VTN, NETHERLANDS
(March 2008)
China National Textile & Apparel Council (CNTAC), CHINA
(April 2008)

Corporate members: Welspun, INDIA
(March 2008)
Esquel, HONG KONG
(June 2008)
Sadaqat Textile Mills, PAKISTAN
(September 2008)

Resignations were received from

Associate members National Council of Textile Organisations (NCTO), USA
(December 2007)
New York Board of Trade, USA
(January 2008)
Amcot, USA
(February 2008)
Centro Algodonero Nacional, SPAIN
(May 2008)

Corporate members: A.T.E., INDIA
(September 2007)
Nishat (Chunian), PAKISTAN
(February 2008)

International Year of Natural Fibres Conference (IYNF-Conference) in Frankfurt/Germany

In December 2006, the UNO has declared the year 2009 as the “Year of Natural Fibres” and has asked the Food and Agriculture Organisation (FAO) to coordinate activities on natural fibres. It is in this context that on June 17-18, 2009 the “International Year of Natural Fibres Conference” (IYNF-Conference) will take place in Frankfurt/Germany in conjunction with the Techtextil Fair (June 16-18, 2009). The IYNFC will be organised by Messe Frankfurt, organizer of the Techtextil, in cooperation with the International Wool Trade Organisation (IWTO), the Bremen Cotton Exchange, the German Textile Association (IVGT) and the ITMF. While the IWTO will hold its Annual Conference during the fair, the ITMF intends to hold a Board meeting (incl. the Committee of Management) during the IYNF-Conference.

It is planned by the organizers to put the focus of the IYNF-Conference on the application of natural fibres in the following three areas:

1) Construction,
2) Function and
3) Mobility.
The Committee was informed that the FAO will provide information on this special year on natural fibres on the website: http://www.naturalfibres2009.org/. Messe Frankfurt will also create a special website with all information on the "International Natural Fibre Congress": http://www.messefrankfurt.com/naturalfibrescongress/en/home.html.

Date and Place of Next Annual Conference

The Committee accepted with thanks the invitation of the China National Textile & Apparel Council (CNTC) to hold the 2009 conference in Shanghai from October 23 - 25 under the general theme "Structural Adjustments in the World Textile Industry".

Election of Honorary Officers

The Committee elected the following Honorary Officers for a term of office of two years:

- **President**: Halit Narin (Turkey)
- **Vice Presidents**: Bashir H. Alimohammad (Pakistan), Josué C. Gomes da Silva (Brazil)
- **Honorary Treasurer**: Bassem Sultan (Egypt)

The new President, Mr. Halit Narin (Turkey), thanked Mr. Walter Simeoni (South Africa) for his service to the Board during the past six years by presenting to him an engraved silver plate. Mr. Simeoni was elected Honorary Life Member of the Federation. He expressed his thanks to the Committee of Management for their continuous support during his term of office and pointed out again that ITMF is a wonderful instrument to foster friendships among all different members of the textile world. Mr. Narin thanked also Mr. Xavier Ballús (Spain) for his service as Honorary Treasurer of the Federation for the last two years was also presented an engraved silver plate.
Concluding Remarks by the New President

Mr. Narin thanked the Committee for the confidence placed in him and promised to guide the Federation as best as he could during his term of office. He continued by saying that the new Board will have to move forward to strengthen the position of the Federation in the global textile arena. He informed the Committee that the Board is considering presenting to the Committee of Management at its next meeting a new structure of the Board which would shorten the Honorary Officers’ terms of office – from two years to one year – and in this context would create the position of an additional third Vice President. He expressed his hope and expectation that the Board will work together closely by meeting more often, by developing new ideas and by being actively involved with their peers from other textile organisations and companies with the objective of creating a new, i.e. a more active and efficient, textile federation in a changing and challenging world order.

February 2009