Committee of Management

Proceedings

Shanghai, China
October 25, 2009
Committee of Management members from the following countries attended:

Belgium          Kenya
Brazil           Korea Rep.
China            Pakistan
Egypt            South Africa
France           Spain
Germany          Switzerland
India            Taiwan, China
Indonesia        Turkey
Italy            USA

ITMF Officials:  The Director General

In the Chair:    Halit Narin (Turkey)
                 President of ITMF
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Opening Remarks by the President

Mr. Halit Narin (Turkey) welcomed the members of the Committee to the meeting. He thanked everybody to have come to Shanghai and thanked the China National Textile & Apparel Council (CNTAC) for having hosted the conference.

Proceedings of the Last Meeting & Matters Arising There From

The Proceedings of the last meeting of the Committee of Management of ITMF, held in Mauritius on October 14, 2008, were duly circulated on February 12, 2009 and were 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 (AG für Unternehmensberatung und Revision), Zürich
Solicitors: Dres. Pestalozzi Lachenal & Patry, Zürich
Bankers: Credit Suisse, Zürich

Financial Report by the Honorary Treasurer

The following report was presented by Mr. Bassem Sultan (Egypt), 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 February 12, 2009 and approved by post.

At the end of 2008, the Federation’s net assets stood at CHF 647,516, a decrease of 33% from their level in 2007. The main reason for this drop in assets is the lower market valuation of the marketable securities (approx. -20% or approx. -CHF 120,000) as a direct result of the global financial crisis. Another reason for this fall was the conference loss of -CHF 97,112.

The Federation’s total income fell by -CHF 103,771 to CHF 534,592 compared to 2007, a reduction of -16.3%.

The main reason for this decrease is the lower valuation of the Federation's portfolio (securities). Due to the global financial crisis which intensified especially during the second half of 2008 the contribution of net investment and interest income was heavily
negative in 2008 amounting to -CHF 127,319 at the end of December 2008 compared
to 2007 when the negative contribution was merely -CHF 6,575. While the value of the
ITMF portfolio decreased by -20.5% in 2008, it recovered until the end of September
2009 by +CHF 22’000 or +6.4%.

Fees from member associations amounted to CHF 315,370. Compared to the
CHF 298’980 in 2007 this represents an increase of +CHF 16,390 or +5.5%. This is
mainly attributed to our new member from China (China National Textile & Apparel
Council, CNTAC). Subscription fees of most other member associations – mainly of the
industrialised world – are shrinking due to lower textile production on which member
associations are being levied. Income from associate members fell by -5.2% to
CHF 119’712, while fees from corporate members rose by +20% to CHF 135’000.

Revenues from sales of publications were down by -CHF 8,674 compared to the
In 2007 this income category did not contribute to the Federation’s income.

The loss on receivables – mainly payment defaults on outstanding invoices from 2006
and 2007 – rose compared to 2007 from CHF 30,541 to CHF 49,513.

It is proposed that for 2010 the basis of calculation of Member Associations’
subscriptions remains unchanged:

- The minimum levy shall therefore be 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 2010 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
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).

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 Mauritius on October 14, 2008 are summarised hereunder in chronological order:

October 2008
- Participation by the Director General in the visit to India by the ITMF Spinners Committee. This is the second visit paid to India, the first dating back to 2002.

November 2008
- Meeting with Mr. Bonadei, President, Fondazione Cotone e Lino, in Milan and visit of the Italian spinning company Filartex in S. Pancrazi/Bs. Meeting in Milano with Mr. Pellegrata, Executive Director of the Italian Textile Machinery Association, ACIMIT, Mr. Romano Bonadei, President Fondazione Cotone e Lino, and Mr. Rivelli, Executive Director, Fondazione Cotone e Lino, and discussion about the possibility of ACIMIT joining ITMF as an Associate Member like the textile machinery associations in Germany (VDMA), Switzerland (Swissmem) and the US (ATMA).
- Participation at a conference of Gherzi van Delden in Krefeld/Germany on Technical Textiles.

December 2008
- Working-meeting with ITMF-President, Halit Narin, and members from the Turkish Textile Employers’ Association (TTEA) in Zurich. Discussions on future projects of the ITMF (i.e. Annual Conference, portfolio, office, country visits, etc.).
- Participation at the 2008 International Agenda Setting Conference (Media Tenor Award) in Rapperswil/Switzerland.
- Continuation of the working-meeting held in Zurich with ITMF-President, Halit Narin, Board members of the Turkish Textile Employers’ Association (TTEA) together with the Executive Director of the TTEA and part of the staff in Istanbul.

- Meeting with Mr. Lees, Secretary General, Club of Rome, in Winterthur/Switzerland. Discussion on cooperation possibilities in the future (i.e. active participation of Club of Rome at ITMF Annual Conferences).

- Meeting with Mr. Salomakhin, Russia-Europe Textile Alliance (RETA) in Moscow/Russia. Discussion on the state of the Russian textile industry and Russia as an export market. Together with Mr. Peer Munkholt, former Director of the ITMF, meeting with Mr. Boris F. Fomin, President of the “Russian Union of Entrepreneurs of Textile and Light Industry”. Discussion on the state and outlook of the Russian textile industry and on the possibility of the “Russian Union of Entrepreneurs of Textile and Light Industry” becoming a member of the ITMF.

- Meeting with Mrs. Yuan, Director Foreign Affairs, CNTAC, and her staff in Shanghai/China. Inspection of various hotels for the ITMF Annual Conference in Shanghai 2009.

- Meeting with Ms. Vivian Zhu, Director of the China-Europe Textile Alliance (RETA), in Shanghai/China.

**January 2009**

- Meeting of the ITMF Board and the Advisory Board in Frankfurt/Germany on the occasion of the Heimtextil Fair 2009.

- Meeting with Mr. Staffoni, CEO, Santex (Textile Machinery Manufacturer) in Zurich and discussion on ITMF’s Shipment Statistics, especially on the finishing machinery segment.

**February 2009**

- Meeting with Dr. Schweizer, Executive Director, Swiss Textiles, in Zurich. Discussion on how the Federation could improve its services for its members.

- Meeting with Mr. Ertekin Ashaboglu, TTEA, in Zurich. Discussions on the ITMF Annual Conference 2009 in Shanghai, ITMF’s portfolio and office situation in Zurich.

- Meeting with Mr. Heinz Bachmann, Special ITMF Representative China Affairs and member of the ITMF Advisory Board, in Zurich. Discussion on the status of the preparation of the 2009 conference in Shanghai

- Meeting with Mr. G. Gherzi, Gherzi Textil Organisation, in Zurich. Discussion on the ITMF services and possible speakers for this year’s ITMF Annual Conference.

- Meeting with Mr. Frank Marreau, Director, marbert Switzerland, in Zurich. Discussion on possible cooperation with marbert for this year’s ITMF Annual Conference in Shanghai.
March 2009

- Meeting with Mr. Sudhir Thackersey, ITMF-Past President, in Zurich. Discussion on various issues like ITMF membership, ITMF Annual Conference in Shanghai or ITMF portfolio.

- Meeting with a delegation from TTEA in Zurich. Discussion on the office situation and inspection of possible new offices.

- Together with Mrs. Rosing meeting with Mrs. Yuan, Director Foreign Affairs, CNTAC, and her staff in Shanghai. Second inspection of hotels as well as locations, restaurants, etc. for the social program; meetings with a printing company, a local travel agency, etc.

- Meeting with Mr. Bill Fong, Director, Fong’s Industries (Corporate Member of ITMF), in Hong Kong. Discussion on ITMF’s Shipment Statistics – especially on the segment of finishing machinery – as well as on the upcoming ITMF Textile Machinery Workshop in Zurich; discussion on the stage of the preparation of the ITMF Annual Conference in Shanghai.

- Meeting with Mr. John Cheh, CEO, Esquel (Corporate Member of ITMF), in Hong Kong. Discussion on the stage of the preparation of the ITMF Annual Conference in Shanghai.

April 2009

- ITMF Textile Machinery Workshop followed by the traditional ITMF Textile Machinery Dinner in Zürich/Switzerland between ITMF’s Honorary Officers and CEOs of leading international textile machinery companies. During the workshop presentation by the Director General of the preliminary results of the International Textile Machinery Shipment Statistics (ITMSS) 2008.

- Traditional spring meeting of the ITMF Board and Advisory Board in Zürich/Switzerland. Discussion on the progress of the preparation of the ITMF Annual Conference (i.e. speakers, hotel, duration, etc.) as well as on other issues like the ITMF portfolio, development of membership, etc.

- Meeting with Mr. Bassem Sultan, ITMF Treasurer, in Zurich/Switzerland. Discussion on the financial situation (i.e. portfolio, conference budget, running costs) as well as on the preparation of the ITMF Annual Conference.

- Visit of Gessner AG in Wädenswil/Switzerland, producer of jacquard woven fabrics for home and apparel textiles.

May 2009

- Meeting with Mr. Richtering, WTO, in Geneva/Switzerland. Discussion on trade statistics and the possibility of the WTO to actively participate in ITMF events like the ITMF Annual Conference.

- Meeting of the ITMF Board in Istanbul/Turkey. Discussion on the ITMF Annual Conference program (i.e. speakers), the ITMF portfolio, etc.

- Participation at the “UNCTAD Public Symposium on the Global Economic Crisis” in Geneva/Switzerland.
June 2009

- Together with Mr. Halit Narin, ITMF President, and his delegation meeting with Mr. Wang Tiankai, Vice President CNTAC, and his delegation in Beijing/China. Discussion on the state of the preparation of the Shanghai conference.

- Presentation by the Director General at the China International Cotton Conference held in Nanjing/China.

- Together with Mr. Peter Frei, ITMF Economist, participation at the Techtextil Fair in Frankfurt/Germany with a small ITMF-booth in connection with the Natural Fiber Congress held also in Frankfurt during Techtextil.

- Participation in the Annual Congress of the International Wool Textile Organisation (IWTO) in Frankfurt/Germany which was held during the Techtextil Fair.

- Participation in the Annual Meeting of Swiss Textiles (Textilverband Schweiz – TVS) in Appenzell/Switzerland.

- Presentation by the Director General at the General Assembly of EUROCOTON in Paris/France.

- Participation in a meeting of the Better Cotton Initiative (BCI) meeting in Zurich/Switzerland. Discussion on ways and means to improve cotton production around the world with regard to environmental, social and economical issues.

- Meeting with Mr. Martin Werder from Rieter in Winterthur/Switzerland on the results of ITMF’s International Textile Machinery Shipment Statistics 2008 and on further improving the quality of the publication.

August 2009

- Meeting with Dr. Lukas Sigrist, Secretary General, Swissmem (Textile Machinery Division) in Zurich/Switzerland. Discussion on the possibility of Swissmem (Swiss Textile Machinery) to become a sponsor of the ITMF Annual Conference in Shanghai/China.

September 2009

- Meeting with Mr. Werner Studer, Executive Director, Intercontinental Group of Department Stores (IGDS), in Zurich/Switzerland. Exchange of information, views and experience on general matters regarding associations. Discussion on the possibilities of cooperating with each other in the future.

- Meeting with Dr. Schweizer, Executive Director, Swiss Textiles, in Zurich/Switzerland. Exchange of views and experiences with regard to running associations and organising events as well as how the ITMF is perceived by its members and what could be further improved.

- Presentation by the Director General at Texworld in Paris/France.

- Meeting with Mrs. Keukert, Messe Frankfurt, in Paris/France at Texworld. Discussion on the upcoming ITMF Annual Conference and on sponsorship by Messe Frankfurt.
• Meeting with Mr. Heinz Bachmann, Member of the ITMF Advisory Board, on the upcoming ITMF Annual Conference in Shanghai as well as on his participation at a conference in Russia and the perspective of a Russian textile association (i.e. Mr. Boris Fomin’s “Russian Union of Entrepreneurs of Textile and Light Industry”) joining ITMF.

• Meeting with Mr. Sudhir Thackersey, ITMF Past President, in Zurich/Switzerland. Discussion on the program and preparation of the upcoming ITMF Annual Conference in Shanghai as well as on new services and different events offered by ITMF.

October 2009

• Participation in the Trade Conference and Dinner of the International Cotton Association (ICA) in Liverpool/UK.

• Participation in the Plenary Meeting of the Committee for International Cooperation of Cotton Association (CICCA) in Liverpool/UK.

• Participation in the AFCOT Seminar and Dinner in Montreux/Switzerland.

• Participation in a Round Table Discussion with the Minister of Textile Industry of Turkmenistan on the perspectives of the cotton and textile industries in Turkmenistan on the occasion of the International Investment Forum in Ashgabat/Turkmenistan.

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 12 distinguished 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.

We held our annual meeting on Friday morning here in Shanghai and started by reporting on our visit to India undertaken just after the last conference in Mauritius. Objectives of the visit were:

• To evaluate the situation of cotton growing and ginning in India as compared to 6 years ago when the ITMF Spinners Committee visited India in 2002.

• To evaluate the evolution and sustainability of BT cotton in India.

• To evaluate the handling and quality improvements.

• To evaluate the potential for increased production over the next years.
• To evaluate the comments of the textile industry and their vision on cotton in India.

I am pleased to report that the objectives set out were fully accomplished and I would draw everybody's attention to the report which we issued by the Committee, which is available on the ITMF website.

We continued our discussions on the measurement of the technical aspects of cotton which will undoubtedly have more and more effect on spinners in the future. As authorized by the Committee two years ago a Steering Committee has been set up to give support and guidance to the ITMF Instrument Testing Committee. The emphasis being that today our requirements are that cotton testing instruments should have a commercial utility rather than being purely useful for scientific purposes. In May of this year the Steering Committee, made up of five members, from different areas of the industry, together with the Vice Chairman of the ITMF Instrument Testing Committee, met in Washington and drew up a working document with suggested Mandates for the Committee. These are:

1) To encourage research into the basic science needed to develop commercially useful tests.

2) To encourage the development of enhanced testing methods.

3) Recognition of instruments and testing methods that are able to perform within allowable tolerances, and that achieve a result that correlates with a reference method.

4) Identification of reference methods.

5) Harmonization of cotton testing results by means of
   a. Proposition and support for the international standardization of test methods.
   b. Development of guidelines for testing.
   c. Technical evaluations using world-wide round tests.

6) Discussion of problems related to testing of cotton fiber properties and their relations to cotton processing

The Steering Committee recommended that the ICCTM no longer “approves” or “recommends” any instruments or methods, as these words imply a commercial and scientific endorsement that the ICCTM is not in a position to provide. Instead, ICCTM should “recognize” those instruments and methods that work or not. The procedures for such “recognition” were also drawn up together with an agenda for topics to be discussed at the next ITMF Testing Committee meeting in Bremen in 2010.

The proposals have been accepted by the ICCTM Committee and by the ITMF Secretariat and we trust that the Committee of Management and the Board will approve the new way forward for this prestigious ITMF Committee.

The Spinners Committee for the sake of clarity, requested the Steering Committee to draw up a flow chart of the new structure, and especially how the Testing Committee could combine with the CSITC of the ICAC to obtain the maximum synergy and avoid an overlap of work. This will be prepared shortly and submitted to the Board and the Spinners Committee.
The Committee discussed the inclusion of other natural fibers in the work of the Spinners Committee; however it was felt that we should continue concentrating on cotton only. Nevertheless, the Committee did endorse the need for setting up a Committee for Synthetic Fibers and urged the Secretariat to do so.

This year’s planned country visit to East Africa had been postponed due to the global financial crisis, but the Committee now agreed to go ahead with plans for next year, in and around May 2010, so we shall be able to report back on the impressions of this visit at the next meeting in Brazil.

Finally we accepted with much regret the resignation of Mr. Walter Simeoni from the Committee, and were unanimous in expressing our gratitude for the brilliant contributions he had made to the work of the Committee for nearly a decade. The Committee was enthusiastic in agreeing to his appointment as an Honorary Life Member of the Committee, together with such distinguished Honorary Members as Sebastian Otto, Robert Galmes and Herwig Strolz.

The Committee was very pleased to elect Mr. Enrique Crouse, also from South Africa to take Walter’s seat on the Committee. Mr. Crouse will add considerable stature to the Committee, and not only because of his height. He and Mr. Simeoni have offered to assist with the organization of the Spinners’ Committee trip to East Africa next year.

*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 presented his apologies for his absence in writing, and the Committee elected Mr. Werner Bieri to chair the meeting.

The meeting started with a report from the Chairman of the CSITC task force, Mr. Andrew Macdonald, who advised that the round tests were now into their 5th year and were continuing to be a success in bringing standardization as regards Instrument Testing of Cotton, but requested the assistance of all the trade and spinners to encourage their companies and clients to take part in the trails. The cost is very small and the benefit to the cotton and spinning community very great. Forms are available from the ICAC, and the importance of a greater participation cannot be over emphasised if we want cotton to be traded based on firm instrumental data, rather than the haphazard system of manual and visual appreciation.

The developments in the ITMF Testing Committee which have been related in the Spinners Committee report were also presented to this Committee. In the interest of time I shall not repeat the details.

Mr. Allan Williams representing BCI, Better Cotton Initiative, attended the meeting and was invited by the Chair to update the Committee as to the progress made since the BCI report in Mauritius last year. Mr. Williams reported that considerable advances have been made, the most important being that the organisation had now being incorporated as an entity in Switzerland and had elected a council representative of all aspects of the cotton chain. The concept of encouraging the production of Better Cotton, rather than marketing gimmicks like organic or fair trade, was fully explained.
and initial projects would be started, or were under way already. The Committee was supportive of the BCI agenda and objectives as being an ideal concept for all to adopt, rather than looking for short time strategies to encourage the consumer to purchase a given product.

The question of Organic Cotton was reviewed, and again the Committee felt that in the long term this type of production was not sustainable financially and hence welcomed the Better Cotton Initiative as an approach of being a long term solution for the image of cotton.

The Committee unanimously adopted the following Motion.

“Urge cotton interested ITMF member organizations to promote cotton in a technological neutral fashion via positive messaging and highlighting the natural renewable and consuming friendly aspects of cotton fibre and products”

The Chair opened for discussion the subject of the declining number of cotton merchants now active in the market due to the global financial crisis. However though there was considerable regret for the demise of so many companies, the Committee could not arrive at a consensus as to whether and how this situation might impact the cotton spinners in the future. Only time will tell what impact this development will bring to the cotton and cotton spinning industry.

Finally the question of cotton trading defaults was discussed in the light of the increase number of companies on the CICCA and ICA default list. Mr. Patodia had sent a letter to the Chair which was read out. As it concerned basically criticism of the ICA, the representative of the ICA at the meeting suggested submitting Mr. Patodia’s comments to the ICA Board.

The Committee was please to elect Mr. Jeff Elder of Boswell as the next Chairman of the Joint Cotton Committee and Mr. Werner Bieri as the Vice Chairman.

The report was unanimously approved by the Committee.

Report by the Intern. Committee on Cotton Testing Methods

After its biennial meeting in Bremen in April 2008 where the ICCTM elected Mr. Vijayshankar (Malaysia) as its new Chairman and Mr. Axel Drieling (Germany) as its new Vice Chairman the Committee also established a Steering Committee with 5 representatives from the cotton and textile industry, namely: 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).

Since last year the Steering Committee met with the chairmanship several times working out a list of research areas of priority to the cotton and textile industry that the various Task Forces should be putting focus on as far as possible. Currently the various Task Forces working on some of these different research topics are preparing for the next ICCTM meeting which will be held between March 23 and 24, 2010 in conjunction with the 30th International Cotton Conference (March 24-27, 2010) in Bremen/Germany.
A list of mandates for the work of the ICCTM was prepared, specifying the directions of the Committee’s work. The mandates include the encouragement of research on and development of testing methods, the recognition of testing methods, the identification of reference methods, the harmonization of cotton testing results and the discussion of problems related to testing.

The ICCTM will in future recognize instrument prototypes and test methods that are beneficial for the cotton value added chain. Criteria for the recognition were developed and will be applied for the first time during the next ITCCM meeting in Bremen in 2010.

The report was unanimously approved by the Committee.

Membership

The following application for membership of the Federation was received since the last meeting of the Committee of Management and approved by way of correspondence:

Corporate member: Mediterranean Textile Company (S.A.E.) Medtex, Egypt

Resignations were received from

Members associations: Fédération de l’Industrie Textile Africaine et Malgache (FITAM), Africa (October 2008)

ATOK Association of Textile Clothing Leather Industries, Czech Republic (August 2009)

Nigerian Textile Manufacturers Association (NTMA), Nigeria (May 2009)

Centre Technique du Textile (CETTEX), Tunisia (February 2009)

Associate member American Fiber Manufacturers Association (AFMA), USA (September 2009)

Corporate members CHT Beitlich, Germany (May 2009)

Reliance Industries, India (April 2009)

Supper Spinning Mills Ltd., India (July 2009)

Bezema, Switzerland (May 2009)
Date and Place of Next Annual Conference

The Committee accepted with thanks the invitation of ABIT (Brazilian Association of Textile and Apparel Industries) to hold the 2010 Annual Conference in Sao Paulo from October 17 – 19 under the general theme “Compliance, Sustainability & Profitability”.

Concluding Remarks by the President

Mr. Narin thanked the Committee’s members for a good and efficient meeting in light of the given time constraints. He invited everybody to convene next year in Sao Paulo/Brazil for the next ITMF Annual Conference 2010.