



**international  
cotton  
association**



Photograph included with this media release:  
**Mr Antonio Esteve, ICA President**

# News alert

For release: 2 July 2012

## ICA arbitrations - half year update

At the half year stage, the [International Cotton Association \(ICA\)](#) has received 135 requests for arbitration and, as we move into quarter three, the pace does not seem to be slowing down.

With continued market volatility, the industry is seeing more and more parties failing to honour their contractual obligations. This is having a direct impact on the number of disputes brought for arbitration at the ICA.

By its own admittance, the ICA arbitration system has struggled to cope with the number of arbitrations this past year. In 2011, the Association received a staggering 242 requests for technical arbitration - over five times its normal yearly average.

As the pace continues, the ICA has been working hard to implement a series of improvements to reduce the cost and the time taken for arbitrations. It also plans to increase the quality and effectiveness of its awards procedure by introducing a pool of professional "ICA Chairmen", who will monitor the costs and time of arbitrations and also the quality of arbitrators in order to produce more enforceable awards.

*"The continued market uncertainty is creating a lot of challenges for us, but the situation has given rise to a number of new initiatives," said Antonio Esteve, ICA President. "Enforcement of awards is still a big problem in some countries. The challenge here is to strengthen the effect of our default list. We aim to do this by making better use of "ICA Advisory Notices". The notices inform our members about firms that have a direct link to companies on the default list either through legal, family or individual connections. We are now actively gathering intelligence to uncover these links and to find out who is trading with whom and where they are buying and selling their cotton."*

More...



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Antonio believes that a common complaint about the ICA is that its default list is ineffective. Part of the reason is because defaulting firms are able to set up and trade through “phoenix companies” or use trading houses. The ICA’s new approach aims to highlight the firms involved in these practices and reveal the trading links with defaulters.

*“The situation we find ourselves in now highlights the importance of taking consistent and positive action towards promoting contract sanctity and a safer trading environment”, said Antonio. “If the cotton community sticks together to reinforce our efforts then we may be able to reduce the stress being placed on the cotton supply chain and improve its economic sustainability.”*

**ENDS**

#### **Editor’s notes**

- Established in 1841, the ICA is the world’s leading international cotton trade association and arbitral body
- The majority of the world’s raw cotton is traded under ICA Bylaws & Rules
- The ICA is a membership organisation. It has more than 450 members - firms and individuals - representing all sectors of the cotton industry and including the world’s major cotton companies
- The ICA vision is to ensure contract sanctity in the global trade of cotton. Its mission is to protect the legitimate interests of all those involved in the cotton trade
- The ICA operates on a not-for-profit basis

#### **For more information, please contact:**

Nicky Simon: +44 (0)151 236 6041 / [nicky@ica-ltd.org](mailto:nicky@ica-ltd.org)