

The International Cotton Association Limited

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Mr Mohammad Ali Khokon
President
Bangladesh Textile Mills Association
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Dhaka 1215
Bangladesh

By Email: btmasg@gmail.com

Dear Mohammad Ali Khokon

Thank you for your letter to The President of the International Cotton Association of 18th July 2020. He has asked me to reply on behalf of ICA. Once again you bring to life the significant consequences of the slump in global textile demand that have resulted from the international response to the COVID-19 pandemic. Our thoughts are with those whose lives are directly affected by this impactful virus. We hope that the green shoots of recovery are now becoming apparent in some sectors of the world and some portions of the apparel supply chain.

I reinforce the key point that the President made to you in his letter of 22nd April 2020. ICA represents all sectors of the cotton value chain and our members cover every function and every cotton consuming and producing sector. We have no ability to influence the execution of individual contracts or the terms and conditions that those contracts may contain. The individual circumstances of each contract, and each contractual party, are likely to be *sui generis*. It is very unlikely that a single response will adequately cover the range of circumstances that might impact each party and the context of each contract. We note that you have written separately to merchants and agents throughout the supply chain – we continue to encourage collaboration and understanding between parties in these challenging times.

We all understand that the raw cotton trade has been regulated by international trading rules for many generations without finding good justification for a generic clause on *force majeure*. As you know, the legal concept of *force majeure* is intended to cover those circumstances that could delay or impede the full execution of a contract. It does not cancel a contract or remove all obligations from either party. There is nothing to prevent contracting parties from including a *force majeure* clause in their contracts. And conditions must be agreed by both parties during the contractual discussions. Parties to ICA contracts will respect the terms and conditions that are contained in their contract. Any *force majeure* clauses that come to ICA arbitration will be examined and applied objectively and without prejudice by the tribunal.

We retain confidence in the strong sense of community in the cotton world which helps resilience through the sector. The constraints we are currently facing will pass and many of the freedoms that we are used to are likely to return before too long. The characteristics that make cotton so unique and attractive to the consumer will continue to endure and we have great confidence in the fundamentals of this trade. I have copied this response to BCA, ICAC and CICC partners.

Yours sincerely,

Bill Kingdon
Managing Director