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Sub-Committee on Cotton

**IMPLEMENTATION OF THE DEVELOPMENT ASSISTANCE ASPECTS OF THE
COTTON-RELATED DECISIONS IN THE 2004 JULY PACKAGE AND
PARAGRAPH 12 OF THE HONG KONG MINISTERIAL DECLARATION**

**ITEM 2C - COHERENCE BETWEEN TRADE AND DEVELOPMENT ASPECTS:
UPDATE ON THE DEVELOPMENT ASPECTS OF COTTON**

*Report of the 29th Round of the Director-General's
Consultative Framework Mechanism on Cotton¹
19 June 2018*

1 INTRODUCTION

1.1 The 29th Round of the Director-General's Consultative Framework Mechanism on Cotton (DGCFMC) was held on 19 June 2018, under the chairmanship of Deputy Director-General Ambassador Alan Wm. Wolff.

1.2 The Chairman welcomed, on behalf of the Director-General, all participants including experts from capital and the Cotton-4² (C-4), and noted that the development assistance aspect of cotton was a dynamic area of WTO cooperation with a significant margin for expansion.

2 STATEMENT BY THE C-4 COORDINATOR

2.1 The Ambassador of Benin, speaking on behalf of the C-4 and other cotton-producing countries, thanked the Chairman and the Agriculture and Commodities Division for their support of the development assistance aspects of cotton and the various initiatives taken to facilitate more dynamic discussions at the DGCFMC.

2.2 He reaffirmed the importance of promoting the African cotton sector and the interest of LDCs in the framework mechanism on cotton. He noted that the DGCFMC had embraced a new pace of work which should be maintained. Indeed, the presence of bilateral, regional, and multilateral donors/development assistance partners was a welcomed development in the work of the DGCFMC. Discussions with partners such as the ACP, GIZ-Germany³, the European Union as well as development banks, was of great interest to the C-4 in supporting the development of value chains and enhancing cotton farmers incomes.

2.3 He noted the longstanding and strategic interest of the C-4 for cotton and cotton-related products and stressed that policies supporting those products should be in line with WTO rules. He stated that the June 2018 Secretariat Symposium on agricultural policies landscape had shed light on many of the driving forces behind the policies distorting cotton markets. He also noted that the Symposium had allowed Members to share information, experiences as well as good practices, and thus hoped that outcomes of the event would usefully inform the cotton negotiations.

2.4 He further called on all Members to follow up on the 2005 Hong Kong Ministerial mandate to address cotton "ambitiously, expeditiously and specifically" within the agriculture negotiations. He

¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

² Benin, Burkina Faso, Chad and Mali.

³ GIZ-Germany stands for Deutsche Gesellschaft für internationale Zusammenarbeit; ACP: African, Caribbean & Pacific.

reiterated the C-4 commitment to the multilateral trading system, and their faith in the WTO's ability to ensure greater integration of the economies of LDCs and developing countries into global value chains towards inclusive trade and the eradication of poverty. In this context, the C-4 coordinator referred to the multidimensional integrative project titled "Cotton Roadmap"⁴.

2.5 He noted the Cotton Roadmap project aimed at promoting cotton-to-textile value chains, competitiveness, inclusiveness and sustainability under four thematic goals: (i) improving production and productivity in cotton; (ii) improving quality and promoting cotton production in Western and Central Africa with a post-harvest programme; (iii) value addition to cottonseed and lint in the region; and (iv) promotion of investments in technology and knowledge transfer, particularly on a south-south basis. The C-4 urged technical and financial partners, both bilateral and multilateral, to support the implementation of the Cotton Roadmap Project.

2.6 Finally, the C-4 coordinator expressed gratitude to China for the financial support granted to allow the effective participation of the C-4 National Cotton Focal Points. He noted that the contributions made by the focal points was crucial for the relevance and practical value of the discussions held at the DGCFMC.

2.7 The LDC group Coordinator, thanked the Chairman and the Secretariat for their tireless support for issues of interest to LDCs and stressed the significant economic and social role played by cotton in those countries. He stated that subsidies by some WTO Members distorted cotton prices and led to poverty for millions of people in LDCs and particularly in C-4 countries. He further regretted in that regard the lack of solutions on domestic support at MC- 11.

2.8 He stated, however, that the LDCs group remained positive on the prospects of reaching a fair and acceptable solution to all Members. He encouraged Members to show greater transparency by submitting up to date notifications on their support to cotton. Furthermore, the LDCs group called on the main players in the cotton sector to (i) contribute more to the substantive discussions on cotton; (ii) progress the work on cotton with a view to achieving results on this critical issue for LDCs; and in doing so, (iii) specifically target subsidies which distorted international cotton markets.

2.9 The representative of Pakistan stressed the importance of the cotton sector in reducing poverty in rural areas. He noted that, as the 4th largest producer of cotton in the world, cotton was the backbone of Pakistan's economy. Production of cotton and cotton-related products contributed to nearly 10% of GDP and were a major source of foreign exchange earnings. However, production was falling because of climate change, unfavourable weather conditions, and distortions in international markets.

2.10 He further noted that heavily subsidized cotton in the world affected Pakistan farmers' competitiveness on the international market, and called on Members to address distortions affecting cotton "ambitiously, expeditiously and specifically".

2.11 The representative of Côte d'Ivoire noted the important role cotton played in reducing poverty in rural areas and the government's strategy to promote industrialization and diversification of the national economy towards inclusive development. He thanked development partners including the European Union, the World Bank, the United States, the Common Fund for Commodities, Canada and France, for the support of various cotton projects in Côte d'Ivoire.

2.12 He stated that Côte d'Ivoire had seen a good performance over the 2017/18 season with an increase in cotton production of 25.7% compared to the previous season. However, the sector was experiencing difficulties with yields which had steadily decreased. As such, Côte d'Ivoire needed support, particularly for women and young cotton farmers, to help them integrate the cotton-to-textile value chains.

2.13 The Chairman welcomed the statement by the Ambassador of Benin, on behalf of the C-4, as well as the other informative statements made that helped frame the discussions. He also welcomed the various development assistance initiatives, projects and programmes mentioned by

⁴ Document WT/CFMC/W/72 dated 11 April 2017.

different speakers under this agenda item, as encouraging steps towards the promotion of cotton value chains.

3 COTTON PRODUCTION AND TRADE TRENDS

3.1 The Chairman introduced Agenda item 3 by inviting Mr. Kai Hughes, Executive Director of the International Cotton Advisory Committee (ICAC) to update participants on recent cotton trends and discuss the importance of ginning for the development of regional cotton value chains in Africa as requested during the November 2017 meeting of the DGCFMC.

3.2 The Executive Director of the ICAC, Mr. Kai Hughes provided information on the estimated total number of cotton farmers in Africa, which stood at around 3.5 million cultivating about 4.2 million hectares. Women represented an estimated 12% of those farmers. Burkina Faso and Chad had some 300,000 cotton farmers each, with Tanzania registering the highest number of farmers involved in cotton farming, nearly 400,000 in total.

3.3 He underscored that most cotton produced in Africa was exported, and that if African countries started spinning their locally-produced cotton, the number of persons employed in the cotton sector would triple. He stated that while African cotton production had recorded significant growth since 2011, cotton mill use had not experienced the same growth rate. African yields were flat since the 1990s, while during the same period world average yields had risen by 40%. He added that the average African yield was 64% lower than the world average yield, thus showing great potential to increase productivity in Africa. He further stressed the existence of untapped opportunities for African cotton, due to its very good quality and the purity of the fibres. He suggested for instance that the process of planting cotton seeds at regular intervals would be enough to dramatically increase yields in many African countries.

3.4 He noted the importance of carrying out appropriate ginning operations as a way forward to capture such untapped opportunities for African cotton fibres. As a matter of fact, ICAC was about to launch a programme of "*Country Audits*" with several visits on the field to assess areas for improvement and produce audits for effective policy recommendations.

3.5 He provided updated statistics on Africa's share of global cotton production which averaged around 6 to 6.9% in the last 20 years. However, increases in production had been observed over the last 3 seasons with a projected further increase for 2018/19 to around 7.5%. He also noted that in many countries such as Mali and Cameroon, higher costs were usually associated with higher transportation and input costs.

3.6 He noted that African cotton was of good quality and highly recognized all over the world. He further noted that production costs were extremely competitive in Africa compared to the rest of the world, and suggested that with an increase in production and yields combined with increased quality and reduced trade costs, Africa was ideally positioned to expand its exports, thus improving revenues and alleviating poverty.

3.7 He highlighted several factors affecting cotton quality with a particular emphasis on ginning technologies which were crucial to the cotton economy. Those factors were (i) inadequate ginning equipment; (ii) over use of cleaning equipment; (iii) timing of ginning which was key as cotton possesses its highest fibre quality and best potential for spinning when the bolls are matured and freshly opened; (iv) excess speed; and (v) untrained operators.

3.8 He shared some recommendations on standards needed for clean cotton, the importance of having institutes train ginning operators and the adoption of sampling systems by cotton producing countries. Governments should look into introducing a clean cotton system to ensure correct parameters for spinners and allow farmers to get a fairer price for their cotton.

3.9 He finally informed Members of (i) the upcoming ICAC Strategic Review; (ii) the creation of a new application *Soil Health App* (in cooperation with Cotton Incorporated USA, FAO and the Social, Environmental and Economic Performance of Cotton Committee) for use by farm holders to determine the type of inputs needed for their soil; and (iii) the next ICAC Plenary Meeting scheduled to take place in Côte d'Ivoire from 2 to 6 December 2018.

3.10 Participants reacted with comments and questions to the intervention from ICAC, discussing technical and policy challenges and opportunities to expand Africa's cotton sector, including global production and marketing approaches and trade-distorting domestic support.

3.11 In response to questions from Burkina Faso, Benin, Pakistan and the European Union, the representative of ICAC noted that there should be some recognition for clean cotton in Africa. He explained the role of the government in encouraging farmers to add weight to compensate the fact that they did not receive any premium for clean cotton. He also noted that ICAC could potentially identify areas which needed attention and liaise with institutions to provide technical assistance. Finally, he referred Members to a recently published ICAC research paper on cotton value addition, which would be a central subject at the December 2018 Plenary Meeting in Abidjan.

3.12 The Chairman concluded discussions under this agenda item by thanking the ICAC representative for a valuable and informative intervention. He noted that the ICAC "Country Audits" could help target the assistance needed through recommendations for improvement of cotton production in specific African countries.

4 DIRECTOR-GENERAL'S EVOLVING TABLE ON COTTON DEVELOPMENT ASSISTANCE

4.1 The Chairman introduced item 4 of the agenda by recalling the circulation on 8 June 2018 of the updated version of the Evolving Table on cotton development assistance ("ET"), in document WT/CFMC/6/Rev.24. He invited the Secretariat of the Agriculture and Commodities Division to highlight the main updates in the revised version.

4.2 Mr. Fabrizio Meliado started by mentioning that the ET had been recognized by cotton industry experts as a unique transparency-enhancing tool in the world of commodities. He added that the ET had become a reference for monitoring cotton projects and programmes through quantitative information based on the submissions received from Members and multilateral agencies.

4.3 He briefly summarized the contents of the ET in Part I (active cotton specific projects), Part II (active agriculture and infrastructure-related projects) and Part III (contact details of national cotton focal points in beneficiaries' countries). He also noted that all completed projects were compiled in the Annexes of the ET.

4.4 He reported that the latest update of the ET was based on contributions received from Brazil, Canada, Colombia, the European Union, Germany, Japan, New Zealand, Switzerland, the United States as well as from multilateral agencies such as the Common Fund for Commodities, the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD) and the World Bank. He noted that project-specific information was also available through the Cotton Portal website (<http://www.cottonportal.org/cotton>).

4.5 He presented data from the latest revision of the ET which showed stability over 2016-18 in total commitments and number of projects in Part I of the ET with three new projects notified and included. The total value of committed amount for active projects stood at about 204 million dollars for Part I of the ET (cotton specific); and at 2.8 billion dollars for projects in Part II of the ET (agriculture-wide). However, the latter had seen a slight decrease in the total amount due to (i) the completion of a number of projects; and (ii) some projects having mistakenly been notified and removed at the request of the relevant development assistance partners.

4.6 He concluded his presentation by noting that Part III, where contact details of national cotton focal points in beneficiary countries were listed, contained information for only 16 beneficiary countries. He recalled the importance of having national focal points information as an entry point for cotton trade and encouraged all beneficiaries to share contact details of their national focal points with the Secretariat. Any new information would be published as part of the next revision of the ET.

4.7 The representative of Chad thanked the Secretariat for the presentation of the latest version of the ET, as well as development partners, both under North-South and South-South cooperation, for their many forms of supports provided to the cotton sector in African countries and LDCs, particularly in C-4 countries. He pointed out that there had been significant changes in commitments for specific development assistance as shown in the ET.

4.8 He also noted the number of African countries benefiting from agriculture related-infrastructure projects and stressed that promoting market access particularly in the cotton sector required structured infrastructure with complementary approaches such as the connectivity of rural-urban areas, logistical support, transfer of knowledge and the sharing of best practices.

4.9 He further called on Members to maximise the tools made available within the WTO framework to strengthen LDCs cotton export capacities. He finally invited financial and technical partners to help the C-4 in implementing the integrated regional project contained in the "Cotton Roadmap" initiative.

4.10 The representative of Burkina Faso expressed gratitude to the Secretariat and technical and financial partners for their continued support. He mentioned the role of cotton in contributing to improving the lives of millions of people in Africa and welcomed the considerable contributions to projects for development highlighted in the ET.

4.11 He also urged bilateral partners under the South-South cooperation platform of the ET, and other developing-country Members able to do so, to continue their development assistance programmes in favour of African cotton producing countries and particularly the C-4, with a view to further combating poverty.

4.12 The Chairman thanked the representatives of the donor community who had provided inputs to update the ET, and stressed the importance of transparency in the work of the WTO in general and in the DGCFMC in particular. He called upon all Members to find an effective way of collecting and sharing information for more transparency.

4.13 He further encouraged all beneficiaries to share the contact details of their national focal points, as reported in Part III of the ET. He concluded by restating the special importance that the Director-General attached to the WTO work on cotton, and asked all Members, development partners and donors to explore ways to broaden their involvement and deepen their contributions in funding much needed cotton development assistance projects.

5 SOUTH-SOUTH COTTON COOPERATION

5.1 The representative of Pakistan reiterated the strong commitment of her country to provide technical assistance to cotton producers in the developing world and presented the recent Pakistan-C-4 experience-sharing and cooperation in relation to cotton production technologies. That capacity building activity, which took place in May 2018 in Pakistan, had been provided to C-4 Government Officials/Academia/Cotton Researchers in the field of cotton production technologies, research and textile industry.

5.2 She reported that the main objectives for the training were (i) experience sharing in cotton production including production technology and research; (ii) experience sharing in cotton value chains; and (iii) to identify areas for future collaboration. She reported that those activities had been also very useful in terms of interactions with various actors such as policy makers, regulators, private sector and associations involved in the cotton production technology process. Some institutional linkages had been identified during the training such as collaboration with the Centre for Excellence and Molecular Biology, All Pakistan Textile Mills Association (APTMA) and textiles industries.

5.3 She stated that the training had been found to be very relevant to participants and would continue in coming years under a strategic cooperation framework between Pakistan and the C-4. In that regard, Pakistan had already started the "Look Africa Initiative of Pakistan" under which a working group on trade and investment was established with African countries to further enhance bilateral cooperation.

5.4 The representative of Mali thanked Pakistan, on behalf of the C-4, for the experience sharing and cooperation in relation to cotton production technologies. He noted that new stakeholders were increasingly involved in the cotton sector in African countries and in the C-4 in particular. He also thanked developing countries such as Brazil, China, India, Pakistan and Turkey for their commitment to the development of the African cotton sector, and encouraged further cooperation under the South-South platform.

5.5 The representative of Burkina Faso reiterated his country's deep gratitude to development partners for their effective support through South-South cooperation in the cotton sector. He called on all donors to increase support for the financing and technical support of cotton value chains projects. He concluded by thanking China for the financial support which allowed the C-4 National Cotton Focal Points to continuously participate in and contribute to DGCFMC meetings.

5.6 The representative of Benin expressed deep gratitude to Pakistan for their continued support through technical assistance especially the recent training organized for experience sharing on cotton production technologies, research on crops/soils, and biotechnology, noting that those experiences would help increase the value addition of cotton in C-4 countries.

5.7 The representative of Brazil reiterated the strong commitment of his country to provide technical assistance to cotton producers in the developing world and referred to various ongoing and new projects with the cooperation of international organizations.

5.8 He reported that Brazil had updated financial disbursements in the framework of bilateral projects with African countries such as the C-4, Togo, Mozambique, Malawi, Kenya and Tanzania. He also informed that Brazil had provided updated information on the cooperation with FAO on development projects in Argentina, Bolivia (Plurinational State of), Colombia, Ecuador, Haiti, Paraguay and Peru. Some updates also included projects for the promotion of decent work in cotton production in Africa (Mozambique, Mali and Tanzania) and South America (Paraguay and Peru) in cooperation with the International Labour Organization (ILO).

5.9 He also reported on a new project in partnership with the World Food Programme (WFP) for developing market outlets for cotton by-products in Africa (Benin, Mozambique, Kenya and Tanzania). He noted that that project was in its early stages with expected disbursements of over 7 million dollars.

5.10 He stated that Brazil had been further working on two new cotton projects of interest to the C-4, namely the SONAP lint classification unit project in Benin and the project on maintaining production potential for soil in Mali, with technical missions scheduled for August/September 2018.

5.11 He reported that the activities implemented under those projects had helped enhance cotton productivity per hectare and overall cotton production in the partner countries and had contributed to the strengthening of individual skills of technicians, researchers, and cotton producers, while also helping institutional capacity building.

5.12 The representative of China stated that the partnership between China and African countries had further consolidated over recent years, with special focus on the cotton sector. He confirmed China's support to C-4 countries to attend the DGCFMC. He said that China would also continue its support for cotton including training workshops for C-4 technicians. He reported that China had participated in two workshops and 28 trainings focused on various issues, including industrialization and agriculture modernization with special emphasis on cotton. Examples of such programmes included training courses and the provision of agricultural machinery for cotton production in Western Africa.

5.13 He reported that Chinese experts would be sent to Benin to train local personnel on cotton production, and referred to a project started in November 2013 in Benin with experts providing technical assistance based on the achievement of the first phase of the project. The experts had carried out: in-depth supportive investigations on local production conditions; selection of high quality cotton seeds that fit local conditions; and adjustments on the use of machineries to enhance applicability and promote cotton production through the model of agricultural machinery cooperatives.

5.14 Finally, he informed Members that China would host a Summit on China-Africa cooperation in 2018 in Beijing with the objective of deepening economic and trade ties between China and Africa.

5.15 The Chairman thanked all the speakers who provided updates, and underlined that such updates enhanced the implementation, as well as reinforced, South-South cooperation. He also encouraged developing countries to continue to strengthen South-South cooperation on cotton and recalled that the contributions made by participants were recorded and given official recognition,

particularly through the Periodic Report on Cotton Development Assistance prepared under the responsibility of the Director General.⁵

6 COTTON DEVELOPMENT ASSISTANCE PROJECTS

6.1 The Chairman introduced agenda item 6 by briefly recalling that the item had been added to the DGCFMC agenda pursuant to a request by the C-4, and endorsed by Members, to give a more pragmatic imprint to the WTO's work on cotton development assistance. He highlighted that the inclusion of this item was also a mean to give effect to the 2015 Nairobi⁶ and 2013 Bali⁷ Ministerial Decisions on cotton development assistance.

6.2 He recalled the two complementary objectives of this agenda item which were (i) for beneficiaries to exploit this unique forum, where donors and beneficiaries seat together, for project promotion purposes; and (ii) for donors and partners to exploit the potential of the Consultative Mechanism for sharing project results, lessons learned, and their vision on how to best support the cotton sector at all levels of the value chain.

6.3 The representative of the ACP Secretariat presented an update of the "Pan African Cotton Investment Program (PACIP)" originally circulated in document WT/CFMC/W/74.

6.4 She recalled that discussions held at the 23rd steering committee of the EU-Africa partnership on Cotton (COS-Coton) in November 2017, had prioritized the need to fight against poverty in African cotton areas by improving the competitiveness, value added and viability of cotton.

6.5 She noted that the PACIP framework programme aimed at promoting sustainable development of African cotton value chains as one of the instruments for transforming agriculture, creating added value and increasing people's incomes, and promoting integration through trade, in consistency with the Malabo agenda. In terms of the value addition of the PACIP, she noted that the programme would enhance the alignment to regional strategies, focus on the regional market and local dynamics and promote public private partnership for transformation.

6.6 She further noted that the programme had 5 strategic focus areas: (i) increase producer income and cotton productivity, (ii) increase investment in processing of cotton and its by-products, (iii) improve the marketing and consumption of cotton and its by-products, (iv) develop capacities of institutions and professional organizations of cotton-to-textile; and (v) reinforce the contribution of the cotton sector to the implementation of the SDGs. She also noted that the programme mainly focused on improving processing capacity of cotton and by-products. As such, they intended to diversify resource mobilization bringing together a blending of public and private funds.

6.7 She concluded by noting that PACIP had been finalized and incorporated in the Framework Programme on Support for Agricultural Value Chain Development (FPAVCD) which aimed at empowering family farmers, Micro, Small and Medium Enterprises (MSMEs), women and youth to participate in the transformation and modernization of the agricultural sector by linking them to the national, regional and global value chains.

6.8 The representative of the European Union thanked the ACP Secretariat for the presentation and stated that PACIP was in line with the needs identified in the sector and represented a continuation of projects already financed. She stated that discussions were ongoing with regards to funding and the type of projects to be financed.

6.9 In reply to questions raised by the EU on the lessons learnt from previous programmes, the representative of the ACP Secretariat stressed that PACIP's focus would be on regional and economic communities and national governments in order to enhance the issue of ownership of member states.

⁵ See for example, document WT/GC/187 – WT/CFMC/DG/8 – WT/MIN (17)/5 dated 22 November 2017.

⁶ WT/MIN(15)/46, December 2015.

⁷ WT/MIN(13)/41, December 2013.

6.10 The representative of Benin presented, on behalf of the C-4, an update of the "Cotton Roadmap" Project. The comprehensive project proposal had been developed in partnership with the International Trade Centre (ITC), and circulated in document WT/CFMC/W/73 dated 23 February 2018. He further noted that the ACP Secretariat and the C-4 had also been interacting on the project.

6.11 He showed photos to illustrate the state of cotton in the C-4 and in other African producing countries and the needs to be addressed by the Cotton Roadmap Project. He explained that the project was of a cross-regional nature, focussing on cotton value chains in Africa, and that productivity, infrastructure, logistics, business climate, lack of local transformation capacity, were amongst the main gaps targeted by the project. Ultimately, the project would help support the development of strong regional value chains based on cotton-to-textile and cotton-related products processing.

6.12 He highlighted the following expected outcomes from the implementation of the project: creation of sustainable jobs and poverty alleviation, promotion of artisanal, semi-industrial and industrial cotton processing, as well as transfer of knowledge and technology.

6.13 The representative of Mali added that the project would address a wide range of value added activities, building on previous achievements of successfully completed projects. Those actions would help identify and promote the comparative advantage and the potential to attract investments of each of the C-4 countries. The measurable project outcomes included job creation, increase in yield per hectare, improvements in local production processing rate, and increased contribution of cotton to the GDP of beneficiary countries.

6.14 The Chairman thanked the representative of Benin for his presentation of the Cotton Roadmap Project and welcomed the level of the ambition shown and the indications of support that had been received.

6.15 The representative of the European Union thanked the C-4 for the clear presentation and noted that the EU remained extremely committed and supportive to proposals on the cotton sector because of the economic importance and the impacts on resilience, food security and employment.

6.16 The representative of Brazil thanked the C-4 for submitting the Cotton Roadmap Project to the consideration of the donor community. He noted that the current bilateral assistance provided by Brazil to the C-4 and to other African countries' projects had already contributed to some of the objectives envisaged in the roadmap project, including technology transfer for cotton, genetic improvement of the cotton plant, pest control, seeds production and rural extension techniques.

6.17 He reiterated Brazil's willingness to continue the dialogue with the C-4 to enhance cooperation for the development of the cotton sector through technical assistance.

6.18 The representative of Japan thanked the C-4 for the presentation and reiterated the request for further clarifications with regards to the specificities of the project and the value-added compared to other ongoing or completed projects. He also recalled Japan's support of cotton in general, and of the roadmap project in particular, and called for further coordination in national development strategies and in the requests for support to be put forward by C-4 through bilateral channels.

6.19 He stated that he would report back to capital and to the relevant Japanese embassies on the discussions held on the roadmap project.

6.20 The representative of Benin thanked the European Union, Brazil and Japan for the comments and suggestions and noted their longstanding partnership on cotton. He appreciated the useful feedback received and looked forward to the technical and financial support of Members for the roadmap project which would have a key impact in combatting poverty and promoting sustainable value chains.

6.21 The Chairman thanked again the C-4 and all the delegations that had intervened and noted that he was hopeful there would be positive news on the project's funding by the next meeting of the DGCFMC in November 2018.

6.22 The representative of GIZ-Germany presented the "Competitive African Cotton Initiative"(COMPACI), a project which had recently been marked as concluded in the Evolving Table, as well as the "Sustainable agricultural supply chains" project.

6.23 He noted that COMPACI was part of the "Agricultural value chains programme" which included different commodities such as Rice, Cashew, Cocoa and Groundnut. COMPACI aimed specifically at enabling small-scale cotton farmers to sustainably improve living conditions, and had reached more than 926,000 farmers in 12 countries. The specific objectives were to: increase productivity and soil fertility, strengthen management capacities of farmers, empower women producers in cotton farming households, ensure safe use of agricultural chemicals and abolish hazardous child labour. He reported that the project had benefitted from a combination of blending public-private financing and of technical assistance such as harmonization and standardisation of trainings and material, organization of financial contracts, etc.

6.24 He highlighted that COMPACI had led to the creation of an "African Cotton Foundation" which aimed at (i) creating a partnership of the African cotton industry around smallholder cotton farmers, (ii) facilitating donor and government resource mobilization, (iii) coordinating and defining sustainable cotton standards, (iv) establishing codes of conduct and best practices and strengthening policy advocacy for smallholders. He noted that 6 companies had already joined the foundation in Sub-Saharan Africa.

6.25 He also referred to the following upcoming projects: "Promotion of organic Cotton in Tanzania" with the support of C&A Foundation and the "Cotton Expert House Africa" project focusing of training smallholder cotton farmers on ginneries. Finally, he noted that GIZ had been commissioned to prepare a new programme proposal to support cotton at the global level with funding of 18 million euros. This was still at the formulation stage and was envisaged to benefit several countries including Uzbekistan, India, Burkina Faso and Cameroun.

6.26 The representative of Benin thanked the representatives of GIZ-Germany for the presentation and the useful information shared with Members. He noted that the objectives of the "African Cotton Foundation" would help contribute to poverty reduction, and requested that relevant documents and information be shared with national actors (ministries of Agriculture, Environment and Trade) and with the Secretariat.

6.27 The representative of GIZ-Germany, in response to a question from Côte d'Ivoire, clarified that with regards to the approach used in identifying smallholder cotton farmers, selection was based on: due diligence standards, reputation amongst farmers, and a stated intent in improving livelihoods.

6.28 The Chairman congratulated GIZ on the success of COMPACI, and asked that the announced new projects be included in the ET. He also invited GIZ to report back at the November cotton day.

6.29 The representative of DG DEVCO of the European Commission presented on the "Strategies and new tools of DEVCO in supporting the cotton sector".

6.30 She highlighted the economic importance of cotton and its high impact on food security at the local, national and regional levels. She noted that the main challenges usually faced by the cotton sector included price fluctuations, a low level of productivity, financing from the private sector, and a low level of inclusiveness of producers.

6.31 She recapped the longstanding EU support for cotton, from Stabex in the 1990s to the EU/ACP Programme (2010-2018), and noted that support to the cotton sector in Africa continued to be among the EU's top priorities in fighting against poverty. However new forms of support were necessary to ensure better impact, and the EU was collaborating with the African Union, the ACP and beneficiaries within that frame of mind. Those new forms of support included (i) support to national reform strategies, (ii) support to investments in agricultural and agro-industrial production and (iii) cross-cutting aspects such as capitalization, exchange of knowledge, and technical support.

6.32 In terms of support to national reform strategies, she noted that the most appropriate tool was budget support which many countries already received for their agriculture and food security

sectors. She further noted that the "blending" investment appeared to be the best approach for promoting responsible and sustainable investments especially in relation to agricultural and agro-industrial production. Blending allowed countries to reduce the perception of risks and attract investments from both the public and private sectors. She also referred to the European External Investment Plan and its three pillars namely (i) the European Fund for Sustainable Development aiming at mobilising investments and improving access to finance through guarantee funding and blending; (ii) technical assistance to help develop bankable projects and support activities that could enhance the business climate; and (iii) enhance the investment climate through: improved political and policy dialogue for economic reforms; support of legal, institutional and regulatory frameworks; and engagement with the private sector.

6.33 She reported that while funds were available, the EU had not yet received any relevant requests from potential beneficiaries. She noted that such requests needed to be made through the African Union and the ACP Secretariat and asked beneficiaries to share their priorities and needs for support through the available financing and support tools.

6.34 The representative of Benin thanked the EU for the presentation and the useful information shared with Members. He emphasized the need for the territorial integration of factors of production in the cotton sector. He informed participants that the C-4 had already submitted requests through both the ACP and the EU Mission in Geneva and that discussions were ongoing.

6.35 The representative of Chad also thanked the representative of the EU for her outstanding presentation and noted that support to cotton would be most efficient if it were used as part of a response for a long-term vision for African cotton.

6.36 The representative of Côte d'Ivoire thanked the EU for the presentation and noted that the fact that the EU were not receiving requests for projects were due to communication issues. He noted that there were multiple needs for project-funding particularly about cotton, and called on greater information sharing and support to access resources available under the EU external investment plan.

6.37 The representative of Burkina Faso also thanked the representative of the EU for her presentation and information provided on financing opportunities. He noted that Burkina Faso had several cotton projects in the pipeline and would reach out to the EU for possible support.

6.38 The representative of DG DEVCO, in response to questions raised by Benin, Burkina Faso, Chad and Côte d'Ivoire, clarified that the current EU/ACP programme (COS-Cotton) would end in 2018 and that the new proposed programme was under assessment. Regarding the blending concept, it was reflective of the fact that few financial institutions were willing to accept the higher risks inherent to the agricultural sector. She therefore encouraged beneficiaries to approach financial institutions such as the African Development Bank, as well as EU representations in their respective countries for possible project funding and other relevant support and technical assistance.

6.39 The representative of the European Union noted that if Members needed to support their capitals with deeper understanding, the EU was ready to organize technical sessions to explain the new instruments it was putting in place and, and answer any specific questions.

6.40 The Chairman, in thanking the representative of the EU DG DEVCO for her presentation, highlighted the longstanding EU role in support of the cotton sector in developing countries. He also suggested that DG-DEVCO consider inviting relevant international financial institutions to participate in upcoming meetings of the DGCFMC to further discuss various types of funding mechanisms.

6.41 The representative of the African Export-Import Bank (Afreximbank) presented on the Bank strategies for higher value addition in African commodity markets with a focus on support mechanisms for cotton.

6.42 In his introductory remarks, he reported that the Bank possessed a substantial financial reserve with the mandate to transform Africa's trade. He noted that various Exim banks had been created between 1980 and 2000 in developing countries, with a mandate to boost intra and extra

African trade. He noted that the strategies of the Bank for the next five years (2017-2021) would focus on four broad areas: (i) Intra-African Trade, (ii) Industrialization and Export Development, (iii) Trade Finance Leadership and (iv) Financial soundness and performance.

6.43 He noted that in 2012, the bank had launched the Africa Cocoa Initiative (AFRICOIN-Phase 1) to provide an end-to-end solution to the African cocoa sector. The initiative aimed at (i) facilitating production by supporting productivity improvement initiatives and technical assistance to cocoa farmers; (ii) supporting deeper integration of the African cocoa economy into the global value chain and (iii) promoting consumption of cocoa products in Africa, Asia and the Middle-East.

6.44 The initiative had helped Côte d'Ivoire cocoa farmers boost processing capacities, making the country one of the most efficient cocoa processor in the world. The bank had then expanded its activities into other commodities, including Cotton, with many African countries facing export credit issues, for instance to import ginning machinery. Furthermore, intra-African textile imports stood at only 3% while total imports were at 30%. Hence, the Bank saw potential for significant increases in intra-African trade.

6.45 He noted that the Bank collaborated with stakeholders such as Cotton made in Africa (CmiA) to increase cotton exports and thus improve the living conditions of African smallholders as well as promote environmentally-friendly cotton production. He also noted that it was important to have commercially viable projects to boost value-chains within the sector and increase trade revenues.

6.46 He stressed that Africa's cotton sector could access financing through AFRICOIN 2 to support value-chain objectives including (i) plantation expansion and productivity; (ii) imports and/or domestic production of inputs; (iii) expansion and/or refurbishment of existing processing/ginning/manufacturing plants; (iv) establishment of new plants; and (v) promotion of finished and semi-finished cotton consumption in Africa and globally.

6.47 The representative of Benin thanked the Afreximbank representative for his presentation and further enquired about AFRICOIN 2 in relation to cotton value-chains and the necessary procedures for submitting projects for financing by the Bank.

6.48 The representative of Chad thanked the Afreximbank representative and noted that banking institutions could help exploit the abundant resources available in the region. He noted, however, that the criteria for small-scale producers to access financing were very complex and enquired about the mechanisms in place at the Bank to facilitate the access to funds to those farmers.

6.49 In his reply, the representative of the Afreximbank noted that Côte d'Ivoire was among the countries which had benefited from the Bank support on cotton seeds. With regards to the mechanism in place for loans to cotton projects financing, it was important that projects brought to the Bank be linked to commercial transactions objectives. He further clarified that the Bank also provided loans to local banks and economic operators which in turn could reach out to local actors.

6.50 The representative of the European Union thanked the Afreximbank representative for his presentation and referred to the EU External Investment Plan and related funding criteria that projects be commercially viable and aim for public private partnerships.

6.51 The representative of the Afreximbank clarified that the de-risking of projects was of great importance to the Bank and that it had various mechanisms geared towards mitigating potential risks. He also noted the interest of a possible partnership with the EU to finance projects on the continent through AFRICOIN based on the EU blending approach.

6.52 In reply to a question from Burkina Faso regarding the Bank's interest rates compared to other banks and financial institutions, the representative of Afreximbank noted that the interest rate depended on risks exposure.

6.53 The Chairman concluded discussions under this agenda item by welcoming the very useful interaction between donors and beneficiaries. He noted in particular the remarkable cooperative spirit which had been displayed, particularly in the effort to seek further information on projects and programmes and foster a greater understanding of their value/impact. He encouraged participants to communicate with the Secretariat in between the Rounds of the DGCFMC about the

projects that they would like to list under this agenda item, both for project promotion and for follow-up purposes.

6.54 All presentations made under this agenda item are available on the WTO Cotton web page.

7 DOMESTIC COTTON SECTOR AND OTHER REFORMS/NATIONAL COTTON SECTOR FOCAL POINTS

7.1 The Chairman introduced agenda item 7 by noting that the Secretariat had received updates on domestic cotton sector reforms from Burkina Faso, as reflected in document WT/CFMC/21/Rev.15.

7.2 The National Cotton Focal Point of Burkina Faso provided updated figures on seed cotton for the 2017/18 season, which stood at 613.371 tonnes, representing an increase of 13% over the previous season. He noted that Burkina Faso was currently the second largest cotton producer in Africa behind Mali. He also reported on a projected improvement in producers' margins due to favourable prices and reduced agricultural inputs needed per hectare. However, there had been reduced yields in the production zone of SOFITEX due to climate change and the spread of pests and whiteflies, while the remaining zones (FASO COTON and SOCOMA) registered good performances linked to favourable rainfall.

7.3 He described the national system to establish the price of seed cotton, which was based on a fluctuating 3-year average of reference prices based on the two most recently concluded seasons and the price forecast for the forthcoming season (as provided by the New York futures market). He also referred to the national system for establishing the price of agricultural inputs, which was based on a decision taken by the "*Association Interprofessionnelle du Coton du Burkina*" (AICB).

7.4 He concluded his intervention by reporting on actions taken by cotton producers to combat the spread of pests, and by sharing the forecast of 836.000 tonnes for the production of seed cotton for the season 2018/19, corresponding to a 37% increase over the previous season and based on an expected improvement in productivity.

7.5 The National Cotton Focal Point of Mali reported that cotton remained a pillar of the Malian economy. She noted that the sector was a catalyst to agricultural productivity and welfare for about 4 million people. She further highlighted the role of cotton as a cash crop in the country, and its contribution to food security due to the association between cotton and cereals farming.

7.6 She explained that Mali's main priority was to revitalize the cotton sector to make it more competitive. The planned institutional reforms included a reorganization of the CMDT (Compagnie Malienne du Développement des Textiles). She added that the government had initiated a new development policy to revamp the cotton sector through three strategic pillars: (i) a privatization scheme; (ii) the industrialization of transformation in the cotton value-chain, and (iii) the consolidation of the achievements of national inter-professional entities such as the "Interprofession du Coton du Mali" (IPC) and the "Confédération des Sociétés Coopératives des Producteurs de Coton (C-SCPC)".

7.7 She reported that for the 2017/18 season, 728,644 tonnes of seed cotton had been produced, representing an increase of 12.58% from the previous season. Production was expected to further increase in the 2018/19 season, mostly due to the engagement with cotton cultivation of local smallholders, and support schemes for agricultural inputs for small producers. She finally stressed the need for multilateral actions to reduce trade-distorting domestic support to cotton by developed countries, and thanked development assistance partners for their efforts and continued cooperation.

7.8 The National Cotton Focal Point of Benin reported that the government of Benin had re-established, in April 2016, the framework agreement between the "*Association Interprofessionnelle du Coton* (AIC)" and the State of Benin, which had been suspended since 2012. That reform had allowed rebuilding trust amongst the economic operators in the cotton sector. Additional benefits of that reform included the involvement of cotton growers in the price setting of seed cotton and timely payments to cotton producers, thanks to the public-private management of the value chain. He highlighted that the reform had also led to an increase in the

number of hectares dedicated to cotton cultivation in the season 2016/17, and that production was expected to increase from 451.121 tonnes in 2016/17 to 597.986 tonnes for the season 2017/18, with a forecast of 710.000 tonnes the following season. Those developments had led to a Ministerial decision allowing the intervention of private investors in the national effort to increase ginning capacity in Benin.

7.9 The government had also put in place a capacity building initiative focusing on research and the regionalization of varieties in Benin with a view to diversify fertilizers and improve yields. Finally, a third reform had been put in place, in the form of a capacity building policy providing national agricultural research programmes with updated technologies to improve the level of development.

7.10 The National Cotton Focal Point of Chad explained that cotton offered special opportunities to increase agricultural productivity. He recalled that cotton provided a livelihood to more than 3 million people in Chad (25% of the population), and that it was cultivated in the most favourable economic zones of the region. Those factors had prompted the government to implement important reforms in the cotton sector.

7.11 He reported that "COTONTCHAD Société Nouvelle" had set the objective of boosting production to 300.000 tonnes of seed cotton for the season 2018/19. A tripartite committee had been created by ministerial decree on 19 April 2017 to set up a new national price fixing mechanism for cotton.

7.12 He concluded his intervention by highlighting the importance of the WTO work on cotton and Chad's engagement in support of the C-4 initiatives. He stressed that the Cotton Roadmap Project was an important and promising project embracing the strategic vision of the C-4 to enhance productivity and create local value added.

7.13 The Chairman thanked the National Cotton Focal Points for their comprehensive contributions and comments, which were highly relevant to the work of the DGCFMC and urged other beneficiaries to consider submitting inputs to the Secretariat for the next revision of the Table.

Designation of National Cotton Sector Focal Points

7.14 The Chairman noted, with regards to the focal points listed in Part III of the ET, that the Secretariat had received updates on the coordinates of National Cotton Focal Points from Benin, Burkina Faso, Chad and Mali. However, no new information had been received from other beneficiaries, and the total number of Focal Points listed in Part III of the Evolving Table remained at 16. He urged beneficiaries that were yet to designate their national cotton sector focal points to do so as soon as possible.

8 ANY OTHER BUSINESS

8.1 The representative of Benin thanked the Chairman and the Agriculture and Commodities Division team for all of the support to ensure a smooth running of the Cotton Day. He noted that DGCFMC meetings had clearly increased in practical relevance and importance, and proposed to extend the duration of future DGCFMC meetings to two days, with one day entirely devoted to development assistance aspects and another to cover the Dedicated Discussion of the Relevant Trade-related Developments for cotton.

9 CONCLUSION

9.1. The Chairman concluded the meeting by thanking all delegations for their constructive participation and interactions. He welcomed the C-4 proposal to extend the duration of future meetings on Cotton given the increased level of interactions and the related difficulty to finish meetings on time. Furthermore, the inclusion of private sector participation and of other cotton development projects in the future would also justify the need for longer meetings. He noted that showed the high level of interest in the cotton development assistance portfolio, and that he would, before the next cotton day, consult Members to confirm their support for the C-4 proposal to hold cotton meetings over two full days.

9.2. The Chairman concluded the meeting by reiterating the importance that the Director-General attached to the Cotton File. He commended the C-4, the donor community as well as other beneficiaries of development assistance for their constructive role in taking forward the discussions based on the Director-General's Evolving Table.
