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DEVELOPMENT ASSISTANCE ASPECTS OF COTTON

TENTH PERIODIC REPORT BY THE DIRECTOR-GENERAL[1]

[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.

1 INTRODUCTION

1. Since the last Periodic Report[2] to the Membership on the development assistance aspects of cotton, in June 2022, three rounds of the Director-General's Consultative Framework Mechanism on Cotton (DGCFMC) have been held, bringing the total number of such rounds to 40. The 40th meeting was held on 7 November 2023.

2. During the same period, three revisions have been made to the Evolving Table on Cotton Development Assistance (ET), a unique tool to monitor trends and trace the evolution of development-assistance projects supporting the cotton sector in beneficiary developing country Members. The last update is the 36th revision[3] , circulated on 27 October 2023.

3. I would like to particularly commend all the Members who have provided updates for the latest three revisions of the ET, namely: Benin, Brazil, Burkina Faso, Canada, Chad, Côte d'Ivoire, the European Union, France, Italy, Japan, Mali, Mozambique, Netherlands and Thailand.

4. I would also like to highlight the important roles played by multilateral and regional organizations who have actively participated in this process, including the Common Fund for Commodities (CFC), the United Nations Food and Agriculture Organization (FAO), the International Cotton Advisory Committee (ICAC), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO).

5. In addition, a Memorandum of Understanding (MoU) between FIFA and the WTO was signed in September 2022. The MoU facilitates cooperation in the context of the WTO cotton programme *inter alia* through the exploration of opportunities to include the C-4 and other cotton producing developing countries in apparel value chains. To this end, the FIFA-WTO partnership developed a project to support cotton value chain development in the C-4 and Côte d'Ivoire. The long-term objective of this project is to expand this support to facilitate regional cotton-textile value chain development.

6. Finally, on 4 October 2023, UNIDO and FAO hosted World Cotton Day (WCD) 2023 in Vienna under the theme "Making cotton fair and sustainable for all, from farm to fashion". This event continued WCD's legacy of serving as an annual global platform for sharing technical and innovative approaches, establishing new collaboration opportunities, and raising awareness about the cotton sector. The WTO's Director-General participated in person in this event.

2 CONTEXT[4]

7. Global cotton production, consumption, and trade registered changes from the 2021/2022 to the 2022/23 season[5] in terms of overall production volumes, productivity, consumption, and average international prices.

8. Global cotton production in the 2022/2023 season is estimated at 24.68 million tonnes of cotton lint, about 2% below the 2021/2022 season.

9. Global demand (consumption) for cotton in the 2022/2023 season is estimated at 23.88 million tonnes, marking a decline of 7.55% on the previous season[6].

10. 2023 global cotton trade was generally lower than the previous season: world imports declined by 12.13% while exports declined by 13.34%.

[2] WT/CFMC/DG/9/Rev.1; WT/GC/238/Rev.1; WT/MIN(21)/5/Rev.1, dated 2 June 2022.
[3] Document WT/CFMC/6/Rev.35 dated 27 October 2023.
[4] Data source: International Cotton Advisory Committee (ICAC).
[5] "Season" indicates the period from 1 August of year X to 31 July of year Y. For example, season 2022/2023 runs from 1 August 2022 to 31 July 2023, and so forth.
[6] Global demand of cotton, or "consumption", is a measure of "mill use of cotton" and it differs from "global cotton imports". In essence, it is a measure of how much cotton is transformed every year.

11. The top five exporting countries in the 2022/23 season were, in descending order: the United States, Brazil, Australia, Greece, and Benin.

12. The top five importing countries in the 2022/23 season were, in descending order: Bangladesh, China, Viet Nam, Pakistan, and Türkiye.

13. The top five consumers of cotton in the 2022/23 season were, in descending order: China, India, Pakistan, Türkiye, and Bangladesh.

14. Cotton in the C-4 plus 1 countries (C-4+1)[7] remains predominantly a smallholder cash crop. In these countries, in the 2022/23 season, cotton was harvested from an area of over 2.4 million hectares, with an average yield of 321.6 kg/ha.

15. ICAC's estimate for cotton lint exports from the C-4+1 countries in the 2022/2023 season shows a significant decline against the previous season, dropping from 1.15 million tonnes to 0.74 million tonnes of lint.

16. International cotton prices, as measured by the Cotlook A Index, increased by 41%, to 101.5 USD cents per pound in 2021, strongly recovering after the great lockdown, and by a further 28%, to 129.7 USD cents per pound, in the first quarter of 2022. However, as of May 2022 the international price of cotton has again started to fall dramatically, dropping below 100 USD cents per pound in the last quarter of 2023.

3 IMPLEMENTATION

17. The mandate[8] for the WTO work on the development assistance aspects of cotton was agreed upon in 2004 (the "July Package)[9] and reaffirmed with further specifications at three WTO Ministerial Conferences: Hong Kong[10] (2005), Bali[11] (2013) and Nairobi[12] (2015).

18. Accordingly, the development assistance aspects of cotton are advanced through the work of the DGCFMC, which is an informal WTO body that meets twice a year and reviews support being provided by bilateral donors and multilateral agencies to cotton-specific and cotton-related agricultural sectors in developing countries.

19. At the DGCFMC, discussions are held based on the Director-General's Evolving Table on Cotton Development Assistance (also called the "Evolving Table" - ET) and the Table on Domestic Cotton Sector Reforms. These documents are unique commodity-specific tools for implementing the mandate on cotton development assistance and ensuring transparent monitoring.

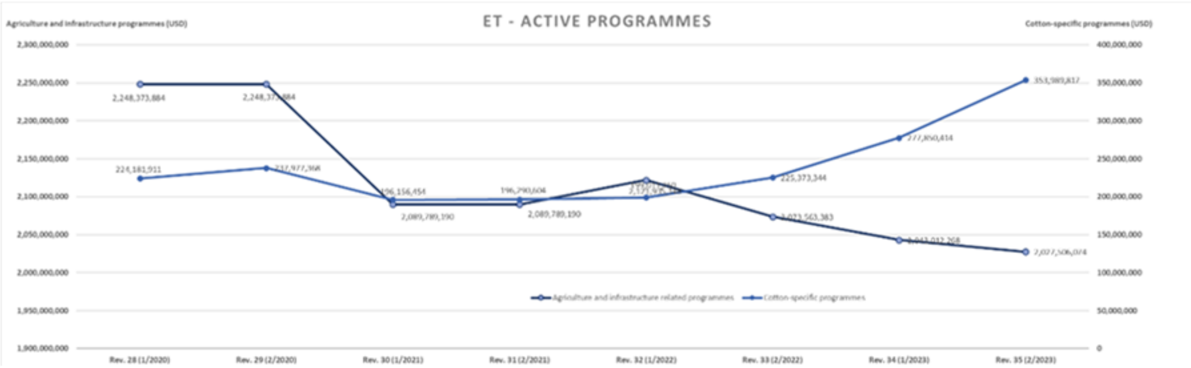
20. The ET lists development cooperation projects in cotton and cotton-related agricultural sectors. The first version of the Table was published in 2005. It provides information on donors, project titles and beneficiaries, as well as detailed figures on project-specific commitments and disbursements. The latest version of the ET can be found in document WT/CFMC/6/Rev.35 dated 27 October 2023.

4 EVOLUTION OF COTTON DEVELOPMENT ASSISTANCE

21. Chart 1 below shows the total amount of committed values in USD over the past eight versions of the ET, for both Part I thereof (on "Cotton Specific Development Assistance") and Part II (on "Agriculture and Infrastructure-Related Development Assistance").

[7] Benin, Burkina Faso, Chad, Mali, and Côte d'Ivoire.
[8] General Council Decision of 1 August 2004 (Document WT/L/579).
[9] See https://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm.
[10] Hong Kong Ministerial Declaration (Document WT/MIN(05)/DEC).
[11] Bali Ministerial Decision (Document WT/L/916; WT/MIN(13)/41).
[12] Nairobi Ministerial Decision (Document WT/L/981; WT/MIN(15)/46).

Chart 1 – Value of commitments of active projects in the Evolving Table (USD)



22. In the latest revision of the ET, the total value of active cotton-specific projects under Part I "Cotton-specific development assistance" increased to over 355 million USD, from the 277 million USD recorded in the previous revision. The total number of active projects under Part I also increased to 37 (up from 31 in the previous revision). This confirms a trend recorded across the last four revisions of the ET.

23. In addition, as regards Part II "Agriculture and Infrastructure-Related Development Assistance", there are 39 active projects listed in the latest ET revision. The trend concerning values of commitments is opposite to the one recorded on Part I, as it shows constant declines across the past four revisions of the ET.

24. Finally, Part III of the ET lists cotton focal points from developing country Members, with updates constantly received from the C-4 countries, and sporadically by other countries. Part IV of the ET compiles cotton-related development assistance requests submitted by developing country Members. A total of nine project requests are currently listed in the document, after Benin requested the Secretariat to remove one of them as relevant needs had been met or no longer constituted a priority for the country.

25. Table 1 shows the trends in the ratio of disbursements to commitments over the last six revisions of the ET.

Table 1 – Ratio of total disbursements to total commitments from the ET Rev.30-35

Comparison Table - Ratio Disbursements/Commitments						
ET	Rev.30 (05/21)	Rev.31 (10/2021)	Rev.32 (05/2022)	Rev.33 (10/2022)	Rev.34 (05/2023)	Rev.35 (10/2023)
Part I - Active	32%	33%	34%	32%	41%	37%
Part II - Active	28%	28%	28%	29%	28%	29%
Part I - Completed	80%	80%	80%	80%	78%	78%
Part II - Completed	84%	84%	84%	84%	83%	84%

5 SOUTH–SOUTH COOPERATION ON COTTON

26. Brazil, China, India and Pakistan have continued to provide significant support to LDCs in cotton and cotton-related sectors. The contribution of these Members is particularly remarkable as a form of cooperation based on solidarity, and on these Members' shared goals of improving productivity, inclusiveness, and sustainability in the cotton sector. The platform for South-South Cooperation in the cotton sector continues to be a solid example of a consolidated partnership between WTO Members, often involving other national and institutional partners.[13]

[13] Further information on specific programmes managed by South-South partners can be found in the minutes of the DGCFMC meetings, under the relevant sections dedicated to South-South cooperation, in the WTO documents series TN/AG/SCC/W/* - WT/CFMC/*.

6 DOMESTIC COTTON SECTOR REFORMS

27. The 22nd version of the Table on Domestic Cotton Sector Reforms (WT/CFMC/21/Rev.21), circulated on 27 October 2023, reflects the latest updates received from Members.

28. The Table is prepared based on an understanding amongst participants during the 10th round of the DGCFMC[14] and has been a standing item on the agenda of the DGCFMC since the beginning (WT/L/579, para. 1(b) and Annex A, paras. 4-5).

29. The exchange of views under this agenda item has deepened the constructive engagement and dialogue between development partners (providers and beneficiaries) on cotton development assistance. The C-4 Cotton Focal Points who participate in relevant discussions thanks to the support of the "China Fund", enrich discussions with real life experiences and fresh data from their respective countries.

7 WTO PARTNERS CONFERENCE (JULY 2022)

30. The WTO organised a partners' conference on cotton during the Aid for Trade Global Review 2022 to urge donor agencies to mobilize resources in support of cotton projects in LDCs.

31. Notably, the conference culminated in a pledge from the African Export and Import Bank (Afreximbank) to provide up to USD 300,000 as grant-matching funds to support the preparation of cotton value chain development projects in African countries from 2023 to 2024.

32. During the 40th round of the DGCFMC (November 2023), a representative of Afreximbank confirmed that as of November 2023, over 50% of the pledged funds had been utilised in support of cotton value chain development projects in Africa.

33. In addition, the July 2022 Partners' Conference launched an informal "Call to Action" on cotton, which recognised the challenges hampering the ability of cotton-producing LDCs to compete in global markets. This Call to Action exhorts Members to continue seeking solutions that would enable the C-4 and other beneficiary countries to improve their competitiveness, achieve higher yields and greener production, and boost value addition activities for both cotton lint and cotton by-products.

8 FIFA-WTO MULTISTAKEHOLDER COOPERATION ON COTTON VALUE ADDITION IN THE C-4 AND CÔTE D'IVOIRE (SEPTEMBER 2022)

34. A Memorandum of Understanding (MoU) between FIFA and the WTO was signed in September 2022. The MoU facilitates cooperation in the context of the WTO cotton programme *inter alia* through the exploration of opportunities to better integrate the C-4 and other cotton producing developing countries in global sportswear and apparel value chains.

35. To this end, the FIFA-WTO partnership developed a project to support cotton value chain development in the C-4 and Côte d'Ivoire. The first phase of the project is a baseline assessment to collect country-specific data and develop a comprehensive report on the existing capacity, the needs, and the resources necessary to enhance the participation of these countries in global textile, football, and sports apparel value chains.

36. The preparation of the baseline assessment was funded by FIFA and Afreximbank, with UNIDO and ITC as implementing entities and an informal steering committee comprising the C-4, FIFA, the WTO, Afreximbank, ITC, UNIDO and Better Cotton to oversee relevant activities.

37. The baseline assessment by UNIDO and ITC will be coupled by parallel sustainability assessments to be conducted by Better Cotton under the same funding structure as the main assessments. This work is expected to culminate in a series of country-specific studies and a comprehensive report, to be delivered by UNIDO and ITC in the course of 2024.

38. In parallel with the baseline assessment, FIFA and the WTO are coordinating actions to leverage the FIFA's Football for Schools (F4S) programme. F4S is a collaboration between FIFA and the United

[14] TN/AG/SCC/W/9, 14 December 2007.

Nations Educational, Scientific and Cultural Organization (UNESCO). F4S aims to raise awareness about the social benefits of football, promote targeted life skills and competencies, and contribute to the fulfilment of the Sustainable Development Goals (SDGs). F4S provides an opportunity to test value chain development perspectives in the beneficiary countries, by connecting FIFA with the local market for football-related apparel and other promotional materials, including t-shirts, to be used in local F4S events and activities.

39. The expected deliverables under Phase I of this line of work include: a work plan; questionnaires and survey action plans; national studies and demand reports for each Target Country; a baseline study integrated report; monthly progress reports; a fully-fledged project document for Phase II; and a final report.

9 WORLD COTTON DAY 2022 AND 2023

40. WCD 2022 was hosted by the FAO in Rome in October 2022, under the theme "Weaving a better future for cotton". The event was opened by FAO Director-General Qu Dongyu, who emphasized the essential role of the cotton sector for member countries and its broader economic and social significance worldwide.

41. WCD 2022 focused on the cotton sector's vital contribution to achieving the 2030 Agenda for Sustainable Development and the SDGs. It underscored the interconnectedness of global challenges and the cotton sector's central role in sustainable development, particularly for cotton producing LDCs.

42. On 4 October 2023, UNIDO and FAO hosted WCD 2023 in Vienna under the theme "Making cotton fair and sustainable for all, from farm to fashion". This event continued WCD's legacy of serving as an annual global platform for sharing information and innovative approaches, establishing new collaboration opportunities, and raising awareness about the needs and opportunities linked to the cotton sector both in beneficiary countries and worldwide. The WTO's Director-General participated in person in this event, by delivering opening remarks and participating in a High-Level Roundtable Discussion.

43. WCD 2023 was marked by dynamic stakeholder and development-partner engagement, and widespread participation. Over 400 attendees joined both online and in person, including African Ministers, Heads of international agencies, representatives from permanent missions to UNIDO in Vienna, country delegates, experts, and various stakeholders from international organizations, financial institutions, the private sector, and academia. Notably, 165 of these participants, hailing from over 40 countries, attended the event in person, with approximately 40% of these attendees being female.

44. The high level of satisfaction among participants of WCD 2023 was evident from a survey conducted by UNIDO. Accordingly, attendees appreciated the clarity of objectives, as well as the length, methodology, and effectiveness of each session. Both the high-level plenary and the two thematic panels were highly rated, with an overall consensus by participants on the need for more time for in-depth discussion through technical thematic sessions.

45. At WCD 2023, the WTO coordinated a panel discussion on sustainability and innovation under the theme "Balancing innovation and regulation for enhanced cotton quality, yields and sustainability in cotton-to-textile value chains". The panel adopted a value chain approach, featuring perspectives from both farm-level experts in sustainable agricultural practices and pest management such as Better Cotton and the FMC Corporation, and industry representatives such as the Tessellation Group and Arise IIP, who were at the forefront of fostering innovation for sustainable growth in cotton processing activities.

46. During the 40th round of the DGCFMC (November 2023), Members commended WCD 2023 for its excellent organization and coordination. At the same meeting, ICAC announced its intention to host the 2024 celebrations of WCD.

10 CONCLUSION

47. Cotton is of undeniable systemic importance for LDCs, and for more than 30 African countries that produce and/or trade in cotton. For this reason, and pursuant to the WTO mandate for transparency and continued monitoring of cotton development assistance projects and initiatives, cotton remains a dossier of vital importance at the WTO. Further progress in the advancement of this dossier, including in the outcomes of the 13th Ministerial Conference, is fundamental.

ANNEX

COTTON SECTOR DEVELOPMENTS[1]

A. COTTON TRADE

1. The volume of cotton traded in the 2022/23 season fell from around 9.6 million tonnes in the previous season to 8 million tonnes. The United States, Brazil, Australia, Greece, and Benin were the largest exporters in the 2022/23 season. The United States remained the world's largest exporter of cotton in 2022/23, accounting for 2.78 million tonnes.

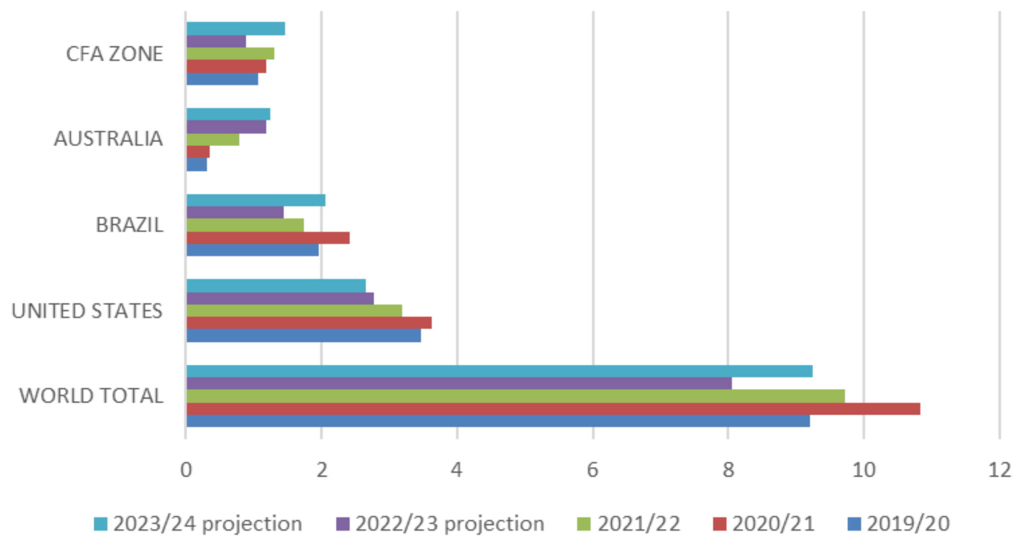
2. Global demand (consumption) for cotton was below production in the 2022/23 season, resulting in a reduction of 12.3% in imports and 13.4% in exports. Both global cotton imports and exports are projected to rise by approximately 13.8% to around 9.25 million metric tonnes in the 2023/2024 season.

3. In the 2023/24 season, West African exports are projected to be led by Benin, followed by Mali, Burkina Faso and Cameroon. Côte d'Ivoire is expected to post a 67% decline in exports due to a considerable fall in their production this season.

Table 1 – World's Top Exporters (2019-2024)

Years Beginning 1 August (million tonnes)	2019/20	2020/21	2021/22	2022/23	2023/24
				projection	projection
EXPORTS					
WORLD TOTAL	**9.21**	**10.83**	**9.73**	**8.06**	**9.25**
UNITED STATES	3.47	3.63	3.18	2.78	2.66
BRAZIL	1.95	2.42	1.74	1.45	2.05
AUSTRALIA	0.30	0.35	0.79	1.19	1.25
CFA ZONE	1.07	1.19	1.31	0.88	1.46
INDIA	0.70	1.36	0.87	0.23	0.22
UZBEKISTAN	0.10	0.10	0.03	0.01	0.02

Chart 1 – World's Top Exporters (2019/20 to 2023/24) (in million tonnes)

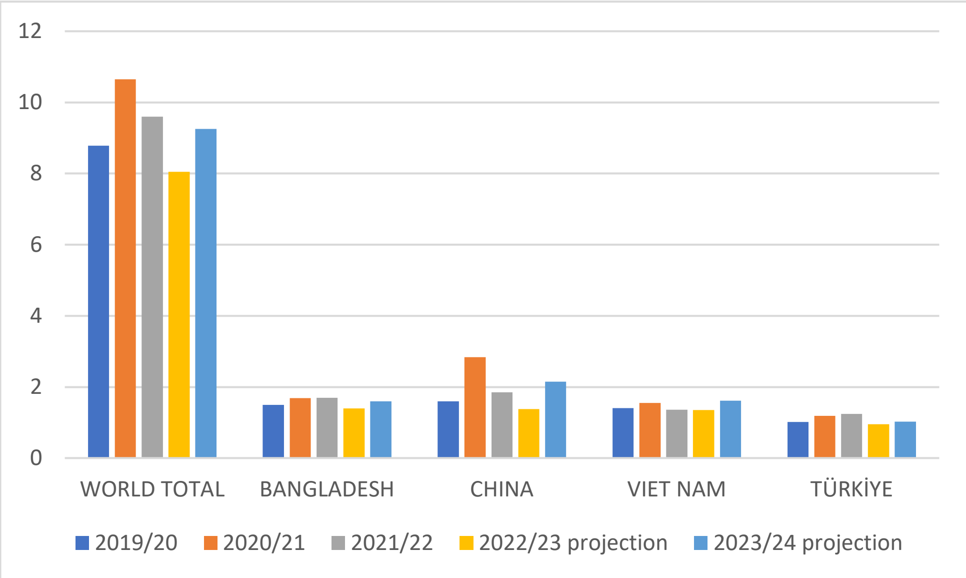


[1] Data Source: ICAC.

Table 2 – World's top importers (2019-2024)

Years Beginning 1 August (million tonnes)	2019/20	2020/21	2021/22	2022/23	2023/24
				projection	projection
IMPORTS					
WORLD TOTAL	**8.78**	**10.65**	**9.60**	**8.05**	**9.25**
BANGLADESH	1.50	1.69	1.70	1.40	1.60
CHINA	1.60	2.84	1.85	1.38	2.15
VIET NAM	1.41	1.55	1.36	1.35	1.62
TÜRKİYE	1.02	1.19	1.24	0.95	1.03
INDONESIA	0.55	0.55	0.58	0.34	0.50

Chart 2 – World's top importers (2019/20 to 2023/24) (in million tonnes)



B. COTTON AREA

4. In the 2022/23 season, the world's harvested area for cotton decreased slightly from 32.7 million hectares to 32.2 million hectares. The harvested area is projected to increase by 2.3% to 32.95 million hectares in the 2023/24 season.

5. In the 2022/23 season, India's harvest area for cotton was the largest at 13 million hectares, followed by China with 3 million hectares, the United States with 2.96 million hectares, Pakistan with 2.1 million hectares and Brazil with 1.65 million hectares.

C. COTTON PRODUCTION

6. The 2022/23 season closed with global cotton production at 24.68 million tonnes of cotton lint, about 2% below the 2021/22 season. In the 2023/24 season, global production is projected at 25.41 million tonnes, representing a 3% increase over the previous season.

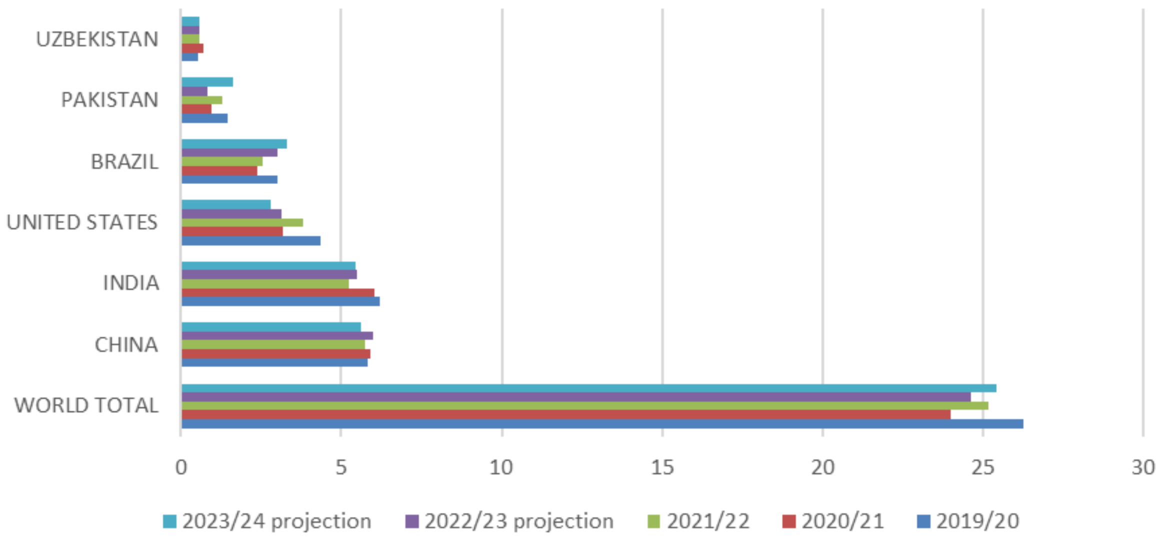
7. Production in the C-4+1 was approximately 0.8 million tonnes in 2022/23 on a harvest area of 2.4 million hectares, a reduction from the previous season in which production was approximately 1.1 million tonnes on a harvest area of 2.7 million hectares.

8. Global production decreases are occurring in India (-0.91%), China (-6.35%), Australia (-8%), and USA (-11%). China is expected to remain the world's largest producer in 2023/24 with more than 5.6 million tonnes, while India is expected to produce 5.45 million tonnes on 12.7 million hectares and the United States is projected to produce 2.79 million tonnes on a harvested area of 3.25 million hectares.

Table 3 – World's Top cotton producers (2019-2024)

Years Beginning 1 August (million tonnes)	2019/20	2020/21	2021/22	2022/23	2023/24
				projection	projection
PRODUCTION					
WORLD TOTAL	**26.26**	**23.99**	**25.18**	**24.62**	**25.41**
CHINA	5.80	5.91	5.73	5.98	5.60
INDIA	6.20	6.02	5.22	5.50	5.45
UNITED STATES	4.34	3.18	3.81	3.15	2.79
BRAZIL	3.00	2.36	2.55	3.02	3.30
PAKISTAN	1.46	0.96	1.27	0.84	1.63
UZBEKISTAN	0.53	0.70	0.59	0.59	0.59
OTHERS	4.93	4.86	6.00	5.55	6.05

Chart 3 – World's top cotton producers (2019/20 to 2023/24) (in million tonnes)



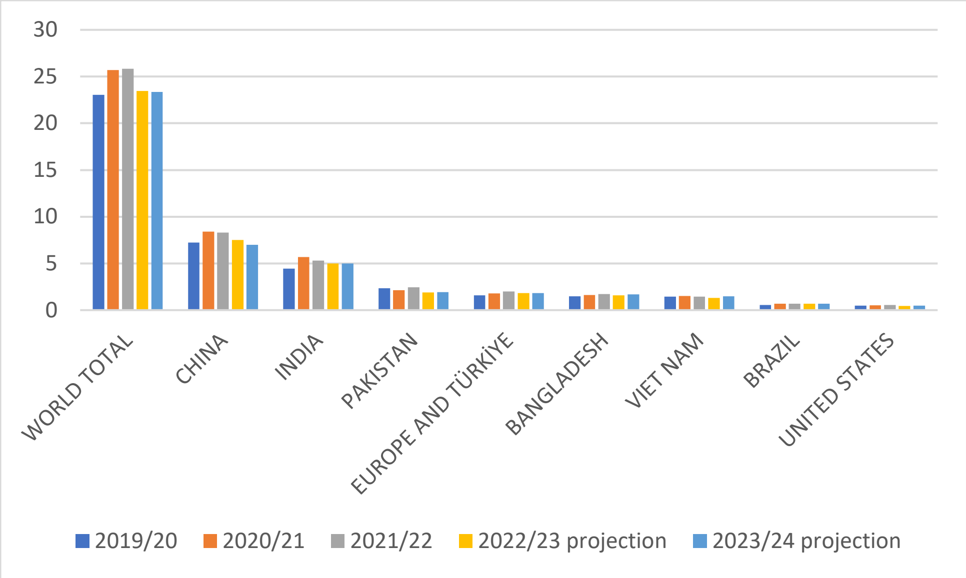
D. COTTON CONSUMPTION

9. Global cotton consumption in the 2022/23 season was 23.88 million tonnes and is projected to decrease by 0.43% in the 2023/24 season to 23.35 million tonnes.

Table 4 – World's top cotton consumers (2019-2024)

Years Beginning 1 August (million tonnes)	2019/20	2020/21	2021/22	2022/23	2023/24
				projection	projection
CONSUMPTION					
WORLD TOTAL	**23.05**	**25.70**	**25.83**	**23.45**	**23.35**
CHINA	7.23	8.40	8.31	7.50	7.00
INDIA	4.45	5.70	5.30	5.01	5.00
PAKISTAN	2.34	2.15	2.45	1.90	1.94
EUROPE AND TÜRKİYE	1.60	1.79	2.01	1.82	1.82
BANGLADESH	1.50	1.64	1.73	1.60	1.70
VIET NAM	1.45	1.52	1.46	1.30	1.50
BRAZIL	0.57	0.69	0.70	0.70	0.70
UNITED STATES	0.47	0.52	0.56	0.45	0.47
OTHERS	3.44	3.29	3.31	3.18	3.23

Chart 4 – World's cotton consumption (2019/20 to 2023/24) (in million tonnes)



E. COTTON YIELD

10. The global average yield in the 2022/23 season slightly decreased from 769.56 kg/ha in 2021/22 to 771.29 kg/ha. The global average yield in 2023/24 is currently expected to remain stable at 771 kg/ha, with total planted area of 32.2 million hectares.

11. From highest to lowest, China, Australia, Brazil, Türkiye, and Israel had the highest yields in the 2022/23 season. These countries are projected to maintain their standing in the 2023/24 season, with Australia projected to have the highest yield of 2,054 kg/ha, a noteworthy increase from 1,877 kg/ha in 2022/23. Türkiye's yield is also expected to increase from 1,829 kg/ha in 2022/23 to 1,831 kg/ha while China's yield is projected to decrease from 1,993 kg/ha to 1,950 kg/ha, and Brazil's yield is projected to decrease slightly from 1,830 kg/ha in 2022/23 to 1,823 kg/ha. Israel's yields are projected to remain stable at 1,703 kg/ha.

F. COTTON PRICES

12. The Cotlook A Index, which tracks global cotton prices, showed a significant uptick in cotton prices in 2021, with prices soaring by 41% to 101.5 cents per pound. This upward trajectory continued into 2022, with a 28% increase, reaching 129.7 cents per pound. However, the price started to fall as of May 2022 and the price forecast of the season-average A index for 2023/24 ranges from 72.33 cents to 104.12 cents, with a midpoint at 86.23 cents per pound.

Chart 5 – International cotton prices (2019 to 2023)