



22 September 2015

(15-4876)

Page: 1/5

**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 23<sup>rd</sup> Round of the Director-General's  
Consultative Framework Mechanism on Cotton<sup>1</sup>  
9 July 2015*

**1 INTRODUCTION**

1.1 Pursuant to paragraph 12 of the Hong Kong Ministerial Declaration, this is the Nineteenth Secretariat Progress Report to the Sub-Committee on Cotton on the Development Assistance Aspects of Cotton. Since the last Progress Report, there have been several developments. First, on 12 June 2015, the Director-General circulated the 19th version (WT/CFMC/6/Rev.18) of the Evolving Table on Cotton Development Assistance and the 11<sup>th</sup> version (WT/CFMC/21/Rev.10) of the Table on Domestic Cotton Sector Reforms, under cover of his letter addressed to Ambassadors and Permanent Representatives. Second, the 23<sup>rd</sup> Round of the Director-General's Consultative Framework Mechanism on Cotton (DGCFMC) took place on 9 July 2015. Third, WTO Members have maintained an active interest on all aspects of the cotton dossier, as mandated in the 1 August 2004 General Council Decision and in the 2005 Hong Kong Ministerial Declaration.

**2 TWENTY-THIRD ROUND OF THE DIRECTOR-GENERAL'S CONSULTATIVE FRAMEWORK MECHANISM ON COTTON**

2.1 The Chairman (DDG David Shark) welcomed all participants to the 23<sup>rd</sup> Round of the DGCFMC, in particular the C4 representatives. He highlighted that the usual briefings on the trade policy aspects of cotton by the Chairman of the Committee on Agriculture in Special Session and of the Sub-Committee on Cotton would henceforth only be taken up in the Dedicated Discussions of the Relevant Trade-related Developments on Cotton, in order to avoid duplication.

**STATEMENT BY THE C4 COORDINATOR**

2.2 The Chairman welcomed the new C4 Coordinator, Ambassador Thiam Diallo, from Mali. In doing so, he paid tribute to her predecessor, the outgoing Ambassador of Burkina Faso Mr. Prosper Vokouma, who had been the C4 Coordinator for a good number of years and whose constructive approach and pragmatic negotiating style would be remembered by all participants in the Consultative Framework Mechanism.

2.3 Ambassador Thiam Diallo, speaking on behalf of the C4 countries and other cotton-producing countries from Africa, LDCs and ACP, stressed her preoccupation at the lack of progress on the cotton issue in the agriculture negotiations. She noted that despite the increasing trend of assistance to the cotton sector, African cotton-producing countries remained vulnerable to

---

<sup>1</sup> 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.

declining international prices and high production costs. In view of the economic and social importance of the cotton sector in Africa, she underscored the need to address meaningfully all aspects of the cotton issue in the run-up to the Nairobi Ministerial Conference (MC10) for a successful resolution of the dossier.

2.4 She pointed out that the participation of C4 Ministers in a plenary session on "Reducing Trade Costs in the Cotton Value Chain" held recently at the WTO in the framework of the Fifth Global Review of Aid for Trade, showed the high political support that African countries were giving to the cotton sector. That was particularly relevant in light of the difficult context for the sector, where it was becoming crucial to reduce high costs in relation to cotton production, processing and trade.

2.5 The ACP representative supported the intervention by the C4 Coordinator and referred to the May 2015 ACP-EU Council of Ministers session, where ACP Ministers had called for an agreement on cotton by MC10 in accordance with the 2005 Hong Kong Ministerial Declaration.

### **COTTON PRODUCTION AND TRADE TRENDS**

2.6 The representative of the International Cotton Advisory Committee (ICAC), Ms Rebecca Pandolph, presented a detailed analysis of the current trends in the African cotton sector, pointing to differences amongst regions with respect to production, yields, exports and mill use. She made reference to the devaluation of the FCFA since 2014 which had contributed to higher earnings for African cotton producers, making their exports more competitive in the world markets.

2.7 Ms Pandolph underlined the importance of enhancing extension services and delivering inputs in a timely manner as the best means to raising yields in cotton production and avoiding that cotton farmers be tempted to switch to other crops. She forecasted a positive 2015/16 season for the CFA zone countries, with higher production and the possibility of increased exports. She noted that, contrary to the declining mill use in West Africa, Tanzania and Ethiopia had been increasing their cotton processing, thanks to successful partnerships with overseas' investors.

2.8 The representatives of Argentina, Australia Chad and Nigeria asked the ICAC's representative several questions regarding cotton prices, yields, consumption and the expansion of biotechnology cotton (Bt) in Africa.

2.9 Ms Pandolph underscored, in particular, that Burkina Faso and South Africa were the only two countries in Africa where Bt cotton was cultivated. She said that, given the high diversity amongst African countries, a number of implementation issues would have to be considered and some in-depth research conducted, in order to introduce Bt cotton successfully.

### **DIRECTOR-GENERAL'S EVOLVING TABLE ON COTTON DEVELOPMENT ASSISTANCE**

2.10 The Chairman, in introducing item 4 of the agenda, made reference to the 19<sup>th</sup> version of the Evolving Table (ET), circulated to Members by the Director-General on 12 June 2015 and contained in document WT/CFMC/6/Rev.18. He invited Mr. Gerardo Melogno, from the Secretariat's Development Division, to highlight the key points of the latest revision of the ET.

2.11 Mr. Gerardo Melogno noted that the latest version of the Evolving Table had been prepared on the basis of inputs from Australia, Brazil, the European Union and some of its member States, Japan, Switzerland and the United States. Inputs had also been received from several multilateral organizations, namely: the FAO, the ITC, the IMF, UNCTAD and the World Bank.

2.12 He highlighted that in Part I of the ET, concerning the ongoing activities of cotton specific development assistance, the number of beneficiaries had increased to 30 from 27 previously, and the total value of commitments had diminished to US\$247 million as did the total value of disbursements, which amounted to US\$92 million. He underlined that the ratio of total disbursements to total commitments had improved from 30% to 37%.

2.13 With respect to Part II, which shows ongoing activities in the broader framework of agriculture and infrastructure-related development assistance, he noted that the value of commitments had decreased from US\$4.85 billion in the previous version to US\$4.78 billion in the

revised version. The total value of disbursements had increased to US\$3 billion and the ratio of total disbursements to total commitments had climbed to 63%.

2.14 Regarding information on completed activities, he reported that the total value of commitments in Annex 1, listing activities under cotton specific development assistance, had increased to US\$516 million and the actual disbursements related to those activities amounted to US\$421 million. Turning to the completed activities in Annex 2 under the framework of agriculture and infrastructure-related development assistance, the total value of commitments and disbursements had increased to reach US\$2.27 billion and US\$2.23 billion, respectively.

2.15 Mr. Melogno commended donors for their latest updates which showed steady progress. He highlighted, in particular, the improvement in the commitments to disbursements ratio in both active parts and encouraged the donor community to continue with that positive trend.

2.16 As far as the notification of National Cotton Sector Focal Points was concerned, he underlined that their number had climbed to 15, with one addition. He urged other cotton proponents to communicate the names and coordinates of their national focal points to complete the list.

2.17 The focal points of Benin, Burkina Faso and Chad gave details about the increased production in their respective countries in the 2014/15 season and forecasted a slightly higher production in the following season.

2.18 The representative of Brazil said his country had launched the second phase of its project to strengthen cotton production and local family farming in Africa and noted that its implementation date had been extended until 2018. He renewed his country's commitment to providing technical assistance to African cotton-producing countries to promote economic and social development.

2.19 The representative of Uganda intervened with questions on the commitments/disbursements gap and the relationship between the amounts of development assistance reflected in the Evolving Table and the declining production on the ground.

2.20 The representative of Nigeria enquired about the possibility of funding the participation of other focal points in the Consultative Framework.

2.21 Mr. Gerardo Melogno gave some precisions on the inevitable gap in relation to the commitments/disbursements' ratio, arising from the implementation period of the activities, i.e. between the start of the projects and their completion. He encouraged donors to submit updates to the Secretariat on the progressive implementation and partial disbursements of activities.

2.22 The representative of Sudan informed participants that his country would be submitting several projects to develop his country's cotton sector and for which assistance from the donor community would be requested.

2.23 The representative of the European Union referred to the ongoing EU-Africa Cotton Partnership involving three regional strategies on cotton, textiles and clothing. She stressed that regional focal points played a fundamental role in the design of national strategies on the cotton value chain, citing the examples of related projects in Cameroon, Côte d'Ivoire and Zimbabwe.

2.24 The representative of the United States reiterated her country's commitment to support the C4 countries and the cotton sector in Africa. She commended the Evolving Table as a useful tool to shed light on the various ongoing assistance programmes and asked if all support granted by different actors could be listed in the Table.

## **SOUTH-SOUTH COTTON COOPERATION**

2.25 The representative of China gave details on extension of cotton-related technology and capacity building activities with francophone African countries in general, and the C4 in particular. He underlined that China had recently provided agriculture machinery and equipment, improved cotton varieties, fertilizers, new irrigation techniques and plantation technology to Benin, Chad and Mali. He highlighted that his country had also contributed to enhance infrastructure, notably in the construction and restoration of highways in Benin (Akassato-Bohicon) and Mali (Bamako-Segou).

He commented that China would continue its cooperation with C4 countries to strengthen their capacity in the cotton sector in order to help them attain their development goals.

2.26 All C4 representatives acknowledged with appreciation the valuable assistance of Brazil, China and India in the framework of South-South Cooperation.

2.27 The Chairman highlighted the important and relevant contributions from Brazil, China and India in the area of South-South Cooperation, stressing that their latest inputs enhanced implementation and reinforced cooperation on that platform. He encouraged developing countries to continue to deepen and extend South-South cotton cooperation.

### **DOMESTIC COTTON SECTOR AND OTHER REFORMS / NATIONAL COTTON SECTOR FOCAL POINTS**

2.28 The Chairman made reference to the eleventh version of the Table on Domestic Cotton Sector Reforms which had been circulated on 12 June 2015 as document WT/CFMC/21/Rev.10, with new contributions from Benin and Mali, as well as the continuation of the prevailing initiatives in Burkina Faso and Chad.

2.29 He highlighted that the Secretariat had lately received the name and coordinates of one additional focal point, from Sudan, increasing the total number to 15. He encouraged other cotton-producing countries to notify their National Cotton Sector Focal Points.

2.30 The focal point of Mali announced that, following the suspension of the privatisation of the CMDT in 2012, a new privatisation plan was under way. He underlined that there had been a 25% increase in cotton production in the 2014/15 season and for the 2015/16 season a further 20% increase was expected. He asked the financial assistance of development partners to enable the continuation of the Producer Support Fund which administers a price-setting mechanism for seed cotton to help offset price fluctuations.

2.31 The focal point of Chad noted the vital role that the cotton sector played in her country, where nearly four million people depended directly or indirectly on cotton for their livelihood. She noted the increase in cotton exports in the current season and the positive forecast for the following season, despite the difficult situation in the country on account of the fall in oil prices and security issues. She stressed that Chad was committed and determined to pursue negotiations with all stakeholders with a view to reaching a satisfactory solution to the cotton issue at the Nairobi Ministerial Conference.

2.32 The focal point of Benin gave details of five new projects to enhance his country's cotton sector, involving the establishment of new cotton zones, the prevention of cotton contamination, the setting up of an agricultural diversification fund and the rehabilitation of the textile industry and fibre classification. Those projects would be submitted to development partners shortly.

2.33 The focal point of Burkina Faso made reference to the 8% increase in cotton production in the 2014/15 season from the previous one and to the continuation of the positive trend in the following season. He pointed out that a document was sent to the Secretariat describing the structural organization and administration of the cotton sector in his country and the challenges faced to put in place compensatory measures to neutralize international price fluctuations, enhance production, preserve the soils and develop the local transformation of cotton. The document would be distributed by the Secretariat in due course.

2.34 The representative of Nigeria pointed to the economic and social importance of the cotton sector in his country, in particular in the northern region. He commented that around 17 million people were dependent on cotton in Nigeria.

### **3 CONCLUSION**

3.1 The Chairman concluded the meeting by underscoring the full spotlight that Director-General Roberto Azevêdo was putting on the cotton dossier. He stressed that the importance of the cotton issue was reflected in the recently held 5th Global Review of A4T, during which Ministers from the C4 participated in a plenary session dedicated to cotton. He highlighted that the Secretariat would

continue to monitor and report to Members new contributions, disbursements and operational status of activities listed in the Evolving Table as well as progress in relation to domestic cotton sector reforms in proponent countries. He emphasized that South-South Cotton Cooperation was an important aspect of the implementation of the mandate on the development track of cotton and that there was wide recognition of the highly relevant dimension of that aspect in the DGCFMC. The significant contributions of Brazil, China and India in that respect were highly appreciated by all participants in the Consultative Framework.

3.2 In concluding, he encouraged Members and participants to expand further the information exchange and constructive engagement to reinforce the development dimension of the work in the WTO. He announced that the next round of consultations would take place before the Nairobi Ministerial Conference and that it would be held back to back with the next dedicated discussion to examine relevant trade-related developments on cotton in the context of the Committee on Agriculture in Special Session. The Secretariat would consult with regard to the specific dates.

---