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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**

**REPORT OF THE 36TH ROUND OF THE DIRECTOR-GENERAL'S
CONSULTATIVE FRAMEWORK MECHANISM ON COTTON¹
HELD ON 3 NOVEMBER 2021**

1 INTRODUCTION

1.1. The 36th Round of the Director-General's Consultative Framework Mechanism on Cotton (DGCFMC) took place on 3 November 2021 under the chairpersonship of Deputy Director-General M. Jean-Marie Paugam on behalf of Director-General Dr Ngozi Okonjo-Iweala.

1.2. The meeting was held in a hybrid format and was attended by the Cotton-4 (C-4)², other WTO Members, relevant partner organizations, and key experts from the global cotton community.

1.3. The Chair noted that the DGCFMC meeting would be followed by the 16th Dedicated Discussion on Relevant Trade-Related Development Aspects on Cotton, chaired by Ambassador Gloria Abraham Peralta (Costa Rica).

1.1 World Cotton Day (WCD)

1.4. M. Robson Fernandes of the Agriculture and Commodities Division (AGCD) recalled that, following the July 2021 "Call for Participation" from the Secretariat to Members, observers, and partner organizations, all the planned activities and events had been successfully undertaken, including: (i) news items and a [dedicated WCD 2021 webpage](#) on the WTO website, with statements from Dr Ngozi Okonjo-Iweala; (ii) a social media campaign using the hashtag [#WorldCottonDay](#); (iii) a [joint WTO and the International Trade Centre \(ITC\) webinar](#) on 6 October entitled "How to develop a sustainable cotton to clothing value chain in Africa". The webinar was opened by Deputy Director-General Mr Jean -Marie Paugam, the Minister of Trade of Burkina Faso, H.E. Mr Harouna Kaboré, and ITC's Deputy Executive Director, Mrs Dorothy Ng'ambi Tembo. The webinar was attended by approximately one hundred participants; (iv) a photo exhibition and stands in the WTO atrium from 6 to 8 October by the C-4, Brazil, China, the Better Cotton Initiative (BCI), and ITC and its sustainable ethical fashion initiative and Atelier Autodidacts Anti-Algorithms (AAAA) – a cooperation of Artisans from Mali.

1.5. Mr Fernandes stated that those activities had aimed to celebrate the adoption of the UN Resolution proclaiming 7 October as World Cotton Day and were honoured with the presence of the Prime Minister of Mali, H.E. Mr Choguel Kokalla Maïga, who addressed the General Council meeting on 8 October, accompanied by H.E. Mr Modibo Keïta, Minister of Rural Development, and H.E. Mr Mohamed Ould Mahmoud, Minister of Industry and Commerce. The Trade Minister of Burkina Faso, H.E. Mr Harouna Kaboré, also addressed the General Council meeting and attended WCD 2021 events at the WTO. Finally, he played a [video](#) showcasing the main highlights of WCD 2021 events.

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.

1.6. The Chair thanked the Secretariat for the report and invited the C-4 to report on the adoption of the UN resolution for an international day for cotton and their participation in the activities celebrating WCD 2021.

1.7. Ambassador Sougouri of Burkina Faso, speaking on behalf of the C-4, Côte d'Ivoire, and the 36 African cotton producing countries, reported that, on 30 August 2021, at the 75th Session of the United Nations General Assembly, UN Members adopted, by consensus, resolution A/RES/75/318 which officially proclaims 7 October as World Cotton Day. He recalled that the adoption marked the end of a process that began in 2019 under the C-4 initiative, with the support of all WTO Members and partners organizations.

1.8. He further stressed that the highest authorities of the C-4 had attended WTO activities for WCD 2021 and expressed the group's appreciation for the invaluable support in obtaining the UN resolution. He noted that the Resolution underscored the economic, social, and cultural role of cotton for several UN Member countries, particularly for LDCs, and drew the attention of the international community to the multiple challenges facing the cotton sector in LDCs, calling for solidarity to overcome those hurdles.

1.9. He concluded by thanking WTO Director-General Jean-Marie Paugam, and the Agriculture and Commodities Division for their involvement in the success of WCD 2021, as well as to all WTO Members and partners for their support.

1.10. The Chair thanked the C-4 for the update and gave the floor to the Executive Director of the International Cotton Advisory Committee (ICAC) to report on activities undertaken for WCD 2021.

1.11. The Executive Director of ICAC, Mr Kai Hughes, recalled that it had been more than two years since the launch of World Cotton Day at WTO headquarters in Geneva. He noted that the event had been an enormous success and hoped that another such gathering would be possible in Geneva in 2023 to mark get together events every four years, as the city would be the perfect location for that.

1.12. He noted that WCD had come a long way in just two years. He mentioned that events held in 2021, like as in 2020, faced a two-headed challenge: firstly, by getting people to participate and arranging their own activities in their communities; and, secondly, the pandemic. He stressed, however, that those challenges had not derailed the momentum of WCD 2021, which exceeded expectations.

1.13. He noted that WCD 2021 had been celebrated by more than 60 countries, by governments, private companies, and organizations.

1.14. He emphasized that the United Nations resolution to reserve 7 October as "World Cotton Day" in perpetuity on its permanent calendar would boost and help raise the visibility of the world's preferred natural fiber.

1.15. He reported that the two hashtags used for WCD 2021, #worldcottonday as well as the theme, #cottonforgood, were used more than 540 times and reached more than 3.7 million people. He stressed that, in view of the event's visibility, WCD 2021 had been a success and that efforts had to be made to keep the momentum high at the production level and throughout the whole value chain.

1.16. He stated that having WCD on the UN calendar would allow to showcase more retailers and brands which was the objective for next year's WCD. He concluded by reporting that ICAC's World Cotton Day Promotion Committee would soon meet to discuss the strategy for next year's WCD and invited those interested in participating in that meeting to contact ICAC.

1.17. The Chair thanked the representative of ICAC for the detailed report on their WCD 2021 activities and invited ITC to take the floor.

1.18. Mr Matthias Knappe (ITC) noted that their organization had celebrated WCD since 2019, together with the WTO, and had always focused on Africa. In 2021, ITC looked at fibre value addition and opportunities on the continent. He recalled that, ITC had been involved in two events during WCD 2021.

1.19. First, the joint webinar organised with the WTO on the theme "Investing in African cotton means investing in sustainability". The webinar, which had high level speakers, looked into production, as well as the industrial and artisanal value addition of the fibre, and the market aspects within and beyond African markets.

1.20. On the production side, it was discussed that within cotton systems, water, pesticides, and nitrogenous fertilizers were causing significant environmental damages. However, those were lower for cotton grown in Africa making it more sustainable than in other regions.

1.21. At the fibre's transformation stage, the webinar examined the existing vertical integration from farm to the final markets in the United States and the European Union, highlighting what could be scaled up and the challenges at the artisanal level.

1.22. Mr Knappe reported the case of a South African retail group for which demand and orders for cotton-based textiles could keep a standard-sized cotton mill busy an entire year, but regrettably the investment needed was not forthcoming.

1.23. He added that one participant had stressed the importance of AGOA for United States brands and retailers and, the fact that consumers were more inclined to purchase sustainable end products from Africa.

1.24. Finally, he reported that ITC together with the Permanent Mission of Mali and *Compagnie Malienne pour le Développement des Textiles* (CMDT) had a stand at the WTO showcasing the work of Malian artisans who used one hundred percent bio line cotton including Atelier Autodidacts Anti-Algorithms (AAAA), a Malian artisan brand and their interior design products made out of bogolan cotton.

1.25. The representative of Brazil noted that, since 2019, Brazil had been committed to using World Cotton Day as an opportunity to display the importance of the sector.

1.26. He reported that, in 2021, a set of six virtual events covering Latin America, the Caribbean, and Africa were held throughout the month of October.

1.27. He also reported on the efforts to promote decent work conditions in the cotton value-chain in Mozambique, Paraguay, Peru and Tanzania, and on the outflow of cotton by-products by Mozambique and Tanzania.

1.28. He added that in addition to the Brazilian Cooperation Agency (ABC), the events were attended by partners of trilateral South-South cooperation initiatives in the cotton sector (the Food and Agriculture Organization of the United Nations - FAO, the International Labour Organization - ILO, and the World Food Programme - WFP); the Brazilian Association of Cotton Producers (ABRAPA); the Brazilian Cotton Institute (IBA); the International Cotton Advisory Committee (ICAC); and representatives of associations and cooperatives from the partner countries.

1.29. He concluded by noting that all the events organized by Brazil for WCD 2021 were circulated in document WT/CFMC/W/93.

1.30. The representative of China congratulated the C-4, Members, and the WTO Secretariat, for the successful celebration of WCD 2021. He recalled that China had been involved in WCD activities since 2019 through participation to exhibitions at the WTO to showcase China's production and through collaboration with African countries, particularly with the C-4.

1.31. He added that the UN declaration on World Cotton Day was extremely important and would give a strong push to cotton and to future collaborations.

1.32. The representative of the United States commended the success of WCD 2021 and noted that many Members had highlighted the importance of cotton for their economies. He stated that the United States had celebrated WCD 2021 and informed on an initiative in Pakistan under the Cotton Productivity Enhancement Program (CPEP) to combat cotton leaf curl disease.

1.33. He noted the connection between the cotton industries of the United States and Pakistan, and likewise with much of the global cotton industry, thus the importance of partnerships to tackle issues facing cotton-producing countries.

1.34. The Chair thanked the United States and all who presented their reports and welcomed the fact that WCD 2021 was duly celebrated by partner organizations, Members, observers, civil society and the private sector in various parts of the globe through meaningful and varied events despite the pandemic's restrictions.

1.35. He noted that the Consultative Mechanism could be proud of the success of WCD 2021. The event as well as the UN resolution established that cotton was not only a tradeable commodity, but also a means of subsistence for millions of people who work in the cotton value chain. Cotton could improve the well-being of populations by ensuring them a sustainable future through concrete results. He congratulated the C-4 for their initiative, coordination, and persistence on the recognition of WCD by the UNGA, which was an important milestone.

1.36. Lastly, the Chair recalled that the resolution text highlighted cotton development activities and reform of trade policies to improve the functioning of cotton markets, and that developing countries could gain from tailored research, training, technology transfer, and much-needed investment which was exactly what the DGCFMC stood for.

2 STATEMENT BY THE C-4 COORDINATOR

2.1. Ambassador Sougouri of Burkina Faso, speaking on behalf of the C-4, Côte d'Ivoire and the 36 African cotton-producing countries, noted that since DDG Jean-Marie Paugam took office, he had multiplied initiatives to advance negotiations on the development component of cotton.

2.2. He also expressed appreciation for the constant support of bilateral, regional, and multilateral partners and recalled the various initiatives that had been undertaken to achieve tangible results on the cotton development component at the 12th Ministerial Conference (MC12), as contained in the C-4 latest proposal (TN/AG/GEN/51, TN/AG/SCC/GEN/23), the draft declaration "Plan of Action for Strengthening Support for the Development of Cotton Co-products in LDCs" (WT/GC/W/808), and the organization of the 2nd edition of the Partners' Conference. He recalled that the draft declaration was aligned with the effective implementation of the Hong Kong and Nairobi Ministerial decisions which invited Members to pay particular attention to cotton development aspects.

2.3. He noted that the draft declaration was an action plan that called on partners to support the implementation of activities on cotton by-products. He recalled the conclusion of various feasibility studies and thanked the Enhanced Integrated Framework (EIF) for its financial support, which was crucial for the development of local value-added industries and transfer of technology. He expressed the C-4 appreciation for Members support and recalled their availability to exchange with Members who wished to make constructive amendments to the document for adoption at MC12.

2.4. He emphasized the importance of organizing a 2nd edition of the Partners' Conference to encourage new partnerships and mobilize resources and technical expertise to support the implementation of projects in cotton producing LDCs and thanked the WTO Secretariat for its favourable response to its request in organizing the Conference. He invited Members and partner organizations to participate actively in the Conference to achieve the targeted objectives.

2.5. He stressed that LDCs cotton sectors needed the support of development partners to find a lasting solution to the concerns of cotton growers and help build strong and resilient economies in the face of the devastating consequences of the COVID-19 pandemic. For these reasons, the C-4 urged technical and financial partners to support initiatives for production, processing and transformation at the national level and the development of infrastructure in the cotton sector.

2.6. The Chair thanked Ambassador Sougouri for his statement and called on Members and Partner organizations to respond to the C-4 and other African cotton producers' needs on cotton.

3 RECENT DEVELOPMENTS IN THE GLOBAL COTTON MARKET AND THE AFRICAN COTTON SUSTAINABILITY PROGRAM 2030

3.1. Mr Kai Hughes presented the African Cotton Sustainability Program 2030 (ACSP) which aimed to provide better livelihoods for farmers, build resilience against climate change, and develop value addition for national economies resulting in employment and increased GDP.

3.2. He stressed that Africa suffered from some of the lowest yields in the world, averaging around 400 kg of cotton lint per hectare in West Africa and 300 kg in East Africa, compared to a global average of around 780 kg of cotton lint per hectare in other rainfed areas and reaching as much as 1,800 kg per hectare in some countries. In addition to those low yields and complicated access to infrastructure and markets, African smallholder farmers faced unprecedented challenges from the impacts of climate change, as well as the increasing demand for more transparent and sustainable value chains.

3.3. He noted that the low yields and lack of infrastructure paradoxically created the greatest potential for Africa, as the continent was at the beginning of a journey to industrialize and the potential benefits in developing the cotton sector were far greater than in any other crop.

3.4. He reported that several factors could explain Africa's low yields, such as obsolete varieties, poor-quality seed, and inadequate cropping systems. He suggested that new cottonseeds must be designed following Best Crop Management Systems (BCMS). That would benefit the whole sector by ensuring farmers had good and climate resilient seeds with high genetic potential and germination quality for cotton tailored to the market.

3.5. Outlining the ACSP, he stated that it consisted of four distinct areas: (i) building robust partnerships; (ii) seed as a key asset; (iii) climate change adaptation and mitigation; and (iv) empowerment and resilience.

3.6. The programme brings together three major organizations – the ICAC, the *Centre de coopération internationale en recherche agronomique pour le développement* (CIRAD), and the African Cotton Foundation (ACF), together with key partners such as ITC, Organic Cotton Accelerator (OCA), the African Cotton Association (ACA), and the Association of African Cotton Producers (Aproca). He reported that ACSP was encouraging the private sector to invest in the value chain and was attracting support from governments thanks to its goal of increased profitability, job creation, and industrial growth.

3.7. He stressed that increasing cotton yields in Africa to the current global average of 780 Kg/Ha, with current cotton international prices at USD 84.96 cents per pound could result in over USD 3.8 billion of extra revenue, create an additional 6 million jobs in West Africa, and just over 1 million additional jobs in South and East Africa. Additionally, developing a textile value chain could create value addition worth billions of dollars with estimated additional USD 63 billion in west Africa.

3.8. He noted that over the past 40 years, textiles from Africa had increased from USD 1.2 billion to USD 14 billion, mainly due to exports from North Africa and South Africa. Exports from East Africa had remained stagnant for the last 20 years and West African textile exports had decreased by 30% despite availability of home-grown cotton, abundant labor, land, and water resources.

3.9. He stressed that textiles played an important role in countries development and noted that Bangladesh's GDP per capita was lower than Burkina Faso's GDP per capita in 1980 but was 250% higher today.

3.10. He noted that many developed countries had started by developing the textile industry and then graduated into more sophisticated and hi-tech products due to high wages. With wages increasing in many textile producing countries, the value-added segment would no longer be cost effective.

3.11. He reported that WTO data estimated world textile imports in 2019 at over USD 871 billion which would equate retail values of between USD 2 to 2.5 trillion.

3.12. He recalled that Africa had a big advantage over potential competitors with preferential market access under the African Growth and Opportunity Act (AGOA) and the Generalized System of Preferences (GSP). However, Africa continued to be a net importer of textiles, with imports amounting to USD 25 billion.

3.13. He concluded by stressing the benefits of getting the right seeds, which should be combined with the benefits derived from cotton by-products.

3.14. The representative of Burkina Faso thanked ICAC for its insightful presentation which provided concrete information to the C-4 and would help farmers obtain higher cotton yields and revenue. He also expressed the C-4's readiness to cooperate with ICAC for the development of cotton.

3.15. The representative of China thanked ICAC for the presentation and asked how cotton lint quality could be improved. Specifically, he inquired on whether transgenic or local seeds could be used.

3.16. The representative of ICAC responded that ICAC had been looking at improving local cotton seeds varieties as a short-term solution, and at developing more resilient and climate adaptive seeds in the long run.

3.17. The Chair thanked Mr Hughes for his presentation and for ICAC's efforts to support the development of the cotton sector. He also thanked Members who took the floor for their comments and questions. He added that ICAC's presentation would be published on the WTO website, together with all the other presentations of the day.

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

4.1. The Chair introduced item 4 of the agenda by recalling that the latest version of the Evolving Table on Cotton Development Assistance ("ET") had been circulated in document WT/CFMC/6/Rev.31.

4.2. Mr Robson Fernandes of the WTO Agriculture and Commodities Division first explained the structure of the ET, which was divided into four main parts: (i) notified cotton-specific projects; (ii) notified active projects on agriculture and infrastructure-related activities benefitting the cotton sector directly or indirectly; (iii) contact details of national cotton focal points in beneficiary countries; and (iv) project demands for cotton-related development assistance submitted by beneficiary developing Members. He noted that the ET also included two annexes listing all completed projects previously notified to the WTO for statistical and analytical monitoring purposes. He also informed Members that the updated information was also available on the Cotton Portal (<https://www.cottonportal.org/cotton>).

4.3. He noted that the Secretariat had circulated on 27 October 2021 the latest revision of the ET including updates submitted by Brazil, Switzerland, the United Nations Industrial Development Organization (UNIDO), and the Organization of African, Caribbean and Pacific States (OACPS). A new active cotton-specific project was added to the ET by OACPS and UNIDO reported on the conclusion of phase 1 of its project in Egypt. Those led the number of active cotton-specific projects to remain the same at 27 ongoing projects.

4.4. The representative of Benin speaking on behalf of the C-4 called upon DGCFMC participants to engage at the 2nd edition of the Partners' Conference in the margins of MC12. He further noted the improvement in the ratio of total disbursements versus total commitments for cotton-specific programme from 32% to 33% in the most recent edition of the ET.

4.5. In view of the above, he encouraged all development partners to contribute to the implementation of the regional initiative "The Cotton Road Map Project", aimed at ensuring the development of value chains in the cotton sector of the beneficiary countries and serve as an instrument for job creation, poverty reduction, improvement of food security, sustainability, and inclusive economic and social development in the region.

4.6. The representative of Brazil stressed their commitment to cotton development assistance as shown in the latest version of the ET. Since May 2021, Brazil had contributed more

than USD 2.1 million to the five projects still in progress. In total, the six projects to which Brazil was a bilateral donor had received over USD 47 million.

4.7. The Chair thanked all those who had contributed to updating the ET. He noted that despite the decrease in the committed amounts for cotton-specific programmes, the number of active cotton projects recorded in the latest version of the ET had remained at 27. He stressed that those projects ultimately helped empower local cotton producers and enabled various actors to develop their cotton value chains in some of the poorest regions of the world. It was important to continue focussing on the needs of developing country cotton producers including technical assistance, production, transformation and trade needs.

5 SOUTH-SOUTH COTTON COOPERATION

5.1. The Chair introduced item 5 of the agenda by acknowledging the regular contributions of Brazil, China, India, Pakistan, and Turkey on the platform of South-South cooperation.

5.2. The representative of Brazil mentioned that they had followed the preparations of the feasibility studies carried out in ten LDCs under the Joint Initiative for the development of cotton by-products.

5.3. He reported that the Brazilian Cooperation Agency (ABC) intended to receive groups of experts from African countries for short- and medium-term trainings under capacity building programmes at the Cotton Technology Transfer Center for Family Farming, located in the northern part of Minas Gerais state. The trainings would focus on cotton processing (ginning and crushing for oil, production of cotton meal cakes and other by-products), as well as modern and small-scale cottonseed processing technologies. A detailed project proposal would be submitted to the WTO.

5.4. He also reported Brazil would organize a seminar, in the margins of the next DGCFMC, to present the project entitled Minas Gerais Cotton Crop Incentive Program (PROALMINAS) - created in 2003 by the Cotton Producers Association (AMIPA) of the Minas Gerais state, the Textile Industry Labor Union and the State government. The idea would be to showcase the ginning, spinning and weaving industry, with a view to identify ways in which the Brazilian experience could be adapted to other developing countries.

5.5. The representative of China reported about three ongoing South-South cooperation projects in Africa that started in 2019, including knowledge transfer on cotton by-products and capacity building. Eight onsite and video training programmes on cotton had been conducted in the C-4 and other African countries with more than 200 participants.

5.6. He also reported on the establishment of cotton technology projects in Benin and Chad to benefit farmers, in addition to increased investments of up to USD 400 million in Mali, Benin, Mozambique, Zambia, and Sudan to foster job creation and income of.

5.7. He mentioned that China would continue to support African countries, to participate in major cotton events and would notify the WTO of its activities.

5.8. The representative of Mali spoke on behalf of the C-4 and mentioned that the group followed with great interest the interventions of the various partners of South-South cooperation and the actions carried out. He thanked partners for their commitment to the development of the cotton sector in the C-4, and other developing countries, in particular the LDCs, despite the difficulties posed by the COVID-19 pandemic.

5.9. He invited partners from the South-South and North-South cooperation to engage in the financing of projects such as "The Cotton Road Map Project".

5.10. The Chair thanked all the delegations who took the floor to share details on their South-South cooperation programmes. He also encouraged developing countries to continue strengthening South-South cooperation on cotton and recalled that the contributions made by participants were recorded and given official recognition, particularly through the Evolving Table.

6 COTTON DEVELOPMENT ASSISTANCE PROJECTS

6.1. The Chair introduced agenda item 6 which had been requested by the C-4 and constituted an improvement to the practical work of the Consultative Mechanism. He added that discussions under the agenda item also responded to the Ministerial Mandates on cotton formulated in paragraph 11 of the 2015 Nairobi decision and paragraph 10 of the 2013 Bali decision.

6.2. The representative of Chad, speaking on behalf of the C-4, thanked development partners for their contributions to implement cotton development assistance projects. Those projects ultimately aimed to encourage productivity, competitiveness, processing and local upgrading of cotton with a view to diversifying both the sub-regional and international markets. He noted that the C-4 were faced with enormous challenges in implementing "The Cotton Road Map Project". The project covered a seven-year period, composed of a pilot phase of four years followed by a three-year acceleration phase. Two years after its launch, only two components of the programme had been initiated, namely the valorisation of seeds and the promotion of investments, transfer of technology and know-how. The value addition components were still awaiting implementation.

6.3. He reaffirmed the C-4 call for a 2nd edition of the Partners' Conference which would take place on the sidelines of MC12, and which could offer an opportunity for the mobilization of needed resources.

6.4. He reiterated the C-4 willingness to enhance the effectiveness of the DGCFMC in accordance with the Ministerial decisions of Bali 2013 and Nairobi 2015.

6.5. Finally, he noted the importance of creating a "management committee" in charge of coordinating the transfer of technologies and know-how for the development of cotton in LDCs.

6.6. Mrs Gina Burgard, Project Manager of GIZ, presented the programme "Sustainability and Value Added in Agricultural Supply Chains" in Uzbekistan.

6.7. She explained that the project's objective was to increase sustainability in the cotton supply chain by: promoting sustainable cotton farming methods; strengthening sustainable capacities for local value addition; and fostering global knowledge exchange between Uzbekistan and Germany.

6.8. The programme had been commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and carried out together with the Ministry of Agriculture of the Republic of Uzbekistan and the textile association UzTextileprom.

6.9. She noted that the challenges in the cotton sector in Uzbekistan included years of child and forced labour which had led many countries to stop sourcing cotton from Uzbekistan. Notwithstanding, since the takeover of the new government, there had been improvements in human rights conditions in cotton production, leading to ILO reports declaring that systematic child labour was no longer a practice in Uzbekistan. Systematic forced labour had not occurred during the 2020 cotton harvest and it had been criminalized by law. She also noted that 60% of cotton pickers in 2020 had reported that cotton harvest was their only source of income.

6.10. Regarding water scarcity, work was conducted with the support of GIZ on defining sustainable irrigation methods. Policy advice and technical assistance on sustainable standards were also provided to farmers, following the principles of the Better Cotton Standard System and in close cooperation with the Better Cotton Initiative (BCI). Finally, she mentioned that GIZ was promoting decent work conditions in textile factories by providing trainings.

6.11. The representative of Uzbekistan noted that cotton had always been considered a strategic sector in the country and generated significant revenues for the State. He mentioned that cotton was a national symbol of pride and wealth to the Uzbek people.

6.12. He further stated that the privatization of Uzbekistan's cotton sector began in 2017 and currently most of the industry was privately owned and operated in "clusters" that combined production, processing, and manufacturing of cotton products.

6.13. He reported that in March 2020 the government had announced the abolition of state-set quotas as well as pricing, sales, and inputs for the 2020 harvest. That had a major significance for private operators having to comply with international labour standards.

6.14. He expressed Uzbekistan appreciation for GIZ's project on "Sustainability and Value Added in the Uzbek cotton economy" as its implementation would increase sustainable cotton cultivation, improve working conditions throughout the entire value chain, and integrate the Uzbek cotton and textile sectors to international trade.

6.15. Mr Janvier D. Nkurunziza, Officer-in-charge of the Commodities Branch at UNCTAD reported on the progress of the feasibility studies on cotton by-products development in Malawi and Togo funded by the Enhanced Integrated Framework (EIF).

6.16. Mr Nkurunziza noted that stakeholders in both beneficiary countries had been very participative and contributed to enrich the draft reports. He reported that the cotton sector had been undergoing reforms in both Malawi and Togo. Nevertheless, huge challenges remained, especially in terms of competitiveness and access to inputs.

6.17. He reported that in Malawi, ginners were allocated zones where they had exclusive rights to buy cotton from farmers. That was known as the "zone system" which created local monopolies for cotton purchases. However, in August 2021, the Cotton Farmers Association of Malawi (COFA) and cotton ginners agreed to abolish the zone system for the next season, thereby opening the cotton market for competition.

6.18. Regarding Togo, he noted that the cotton sector had entered a new phase since the purchase of a majority stake (51%) of *Nouvelle Société Cotonnière du Togo* (NSCT) by Olam, a Singapore-based multinational company operating in the food and agri-business sector.

6.19. He reported that if the cotton market were to become competitive, farmers or farmer organizations could invest in their own ginning facilities and profit from the seeds, for example with the production of national cotton seed oil. Consequently, he suggested that it would be beneficial for Togo to ensure that the partnership with Olam provided benefits for the development of the national cotton sector, as well as new by-product processing industries.

6.20. The newly created *Plateforme Industrielle d'Adetikopé* (PIA), an industrial park that would include a cotton storage facility, could represent new partnership opportunities with Olam on cotton production and processing (i.e., into by-products or textiles).

6.21. He mentioned that the low volumes of cotton production in Malawi and Togo limited the potential of investment in cotton by-products and that the in-season inflation affecting input costs ended up reducing the profits of smallholder farmers. He further added that the taxation of domestically produced oil favoured imports and smuggling, making it harder for local companies to compete.

6.22. In terms of policy recommendations, he reported that the feasibility studies included proposals on legislation, government support for cotton production, organization of farmers, and development of cotton by-product value chains. Those proposals would be presented for national validation and would integrate feedbacks from stakeholders to finalize the reports. Those priorities, for example on investment and financing of processing technologies, and policy recommendations would be reflected in national action plans.

6.23. The representative of Togo welcomed the presentation on the feasibility study on cotton by-products and expressed his gratitude to UNCTAD, EIF, ITC, and the WTO.

6.24. He stated that the implementation of the project on cotton by-products in Togo would help to strengthen the local industry by adding value to products which were previously neglected or lost entirely.

6.25. He then pleaded with the international donor community to finance the second phase of the project for the successful development of cotton by-products in Togo.

6.1 Presentation of Cotton-related Development Assistance Requests submitted by Beneficiary Members to the Evolving Table

6.26. Mr Robson Fernandes reported that Part IV of the latest revision of the Evolving Table (ET), in document WT/CFMC/6/Rev.31, listed the cotton-related development assistance requests submitted by developing country Members. The inclusion of Part IV to the ET had been decided at the 34th Round of the DGCFMC in November 2020, in line with paragraph 10 of the Bali Ministerial Decision (WT/MIN(13)/41) and paragraph 11 of the Nairobi Ministerial Decision (WT/MIN(15)/46).

6.27. He reported that nine projects had been submitted by individual Members, as well as one regional project from the C-4, i.e., the "Cotton Road Map Project".

6.28. He explained that the table contained hyperlinks to the project requests presenting a full description of the needs as submitted by beneficiary Members. The compilation would serve to track demands submitted by beneficiary Members to the DGCFMC and give visibility to their needs on cotton-related projects to the international development community.

6.29. Mr Fabrizio Meliado of the Agriculture and Commodities Division of the WTO reported on the preparations for the 2nd edition of the Partners' Conference and explained that the Partners Conference would be organized on the margins of MC12 to mobilize technical and financial resources for the implementation of development assistance projects in favour of cotton in LDCs. These projects would help establish a more resilient and sustainable cotton sector in a post-COVID-19 era. He noted that the final agenda would shortly be issued to all Members, observers, and partner organizations.

6.30. He mentioned that the aim was to have a high-level of representation by Ministers of Finance and Economy of LDCs, responsible for aligning the development priorities of countries, as well as heads of development agencies, private sector companies, heads of intergovernmental organizations, and national cotton sector associations.

6.31. He highlighted that a recent study by the WTO Secretariat on the impact of COVID-19 pandemic on the cotton sector of ten African LDCs, estimated that the losses in value of cotton exports during 2020 were above USD 500 million in the C-4 and other African LDCs. The study also revealed a great heterogeneity of the consequences of the pandemic on the cotton sector in the countries analysed.

6.32. The Conference would therefore focus on recovery and resilience on a threefold angle: (i) cotton production (including seeds, good agricultural practices (GAP), quality, technologies, research and development (R&D), infrastructure, training, etc.); (ii) the cotton to textile value chain; and (iii) the valuation and trade of cotton co-products in LDCs.

6.33. The representative of the United States thanked the WTO Secretariat for the report on the upcoming Partners Conference and looked forward to receiving additional details provided.

6.34. He noted potential conflicting circumstances between, attendance to the Conference preparations for MC-12, and the logistical challenges imposed by the COVID-19 pandemic. Nonetheless, he highlighted that the United States remained interested in the topic and that any limited participation would be due to the above-mentioned challenges, not lack of interest.

6.35. The representative of Burundi reported on the importance of the cotton sector to the country's economy, both in terms of export revenue and number of farmers. He highlighted that the sector had been impacted by climate change and high cost of inputs with direct effects on cotton farmers. He noted that the government was implementing policies to boost the sector through the production of local seeds and by training farmers. The final step was to develop the local transformation of cotton lint to textiles with enough production to meet the local needs. Those actions would be added to the national strategy. The government had empowered the *Compagnie de Gérance du Coton* (COGERCO) to revitalize the cotton sector and as a result improve farmers livelihoods and provide food security and employment for women and youth. He concluded by noting that a project request had been circulated in document WT/CFMC/W/94 and would welcome assistance by the international donor community for its implementation.

6.36. The representative of Benin introduced a project request submitted to Part IV of the ET and delivered a presentation available on the [website](#). A [conceptual note](#) was also submitted for the attention of DGCFMC participants.

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

7.1. The Chair introduced agenda item 7 and highlighted the latest revision of the Table on Domestic Cotton Sector Reforms including updates submitted by Burkina Faso as reflected in document WT/CFMC/21/Rev.18.

7.2. The Chair asked that any other updates be submitted in writing.

8 CONCLUSION

8.1. The Chair concluded by thanking all participants and Members for the useful discussions held during the meeting.

8.2. He noted that good progress had been consolidated through the DGCFMC work. A clear example had been the discussions on cotton projects and the update of Item 6 of the agenda of the Consultative Mechanism.

8.3. He commended the donor community as well as the beneficiaries of cotton development assistance for their usual active engagement and constructive role in taking discussions forward, as reflected in the Evolving Table. He encouraged Members to continue using the DGCFMC as an open forum for project-focused discussions.

8.4. The Chair also thanked the interpreters, Conference Office services and IT for their excellent work.

8.5. The meeting was adjourned.
