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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 35th Round of the Director-General's
Consultative Framework Mechanism on Cotton¹
held on 27 May 2021*

1 INTRODUCTION

1.1. The 35th Round of the Director-General's Consultative Framework Mechanism on Cotton (DGCFMC) took place on 27 May 2021 under the chairpersonship of Ms Marième Fall on behalf of the Director-General Dr Ngozi Okonjo-Iweala.

1.2. The meeting was held in virtual 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 a Thematic Session on Cotton By-Products (CBPs) Developments in LDCs, and by the 15th 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. Mr Robson Fernandes of the Agriculture and Commodities Division (AGCD) recalled that, in the previous DGCFMC meeting, the C-4 had asked the WTO Secretariat to organize events to celebrate the 2nd WCD anniversary on 7 October 2021. Those events would aim to keep up the momentum created by the WTO launch of World Cotton Day in 2019, and to push for positive and concrete results on cotton trade negotiations and cotton-related development aspects, as well as the adoption of the United Nations (UN) resolution proclaiming 7 October as international cotton day.

1.5. Mr Fernandes stressed that, due to the health situation in different parts of the globe, WCD 2021 activities would be in line with those held in 2020.

1.6. Mr Fernandes added that the Secretariat was preparing a "Call for Participation" for inviting WTO Members, Observers, partner organizations, civil society, academia and the global cotton community to: (i) engage in social media campaigns; (ii) organize global activities such as: (a) lectures, panels and roundtables; (b) photo contest; (c) showcasing products, results, social responsibility activities, and innovation in cotton production and value chain; (d) organizing field visits; (e) promoting recognition, prizes and award ceremonies among cotton stakeholders; (f) sharing knowledge on cotton by informing, educating and engaging the public through social

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.

media campaigns using [#WorldCottonDay](#); and (g) attracting media attention by participating in talk shows, panel discussions, media briefings, and radio and TV call-in shows.

1.7. The Chair thanked the Secretariat for the report and invited the C-4 to report on the activities organized and to provide an update on the status of the draft resolution before the United Nations General Assembly (UNGA) for an official recognition of WCD.

1.8. Ambassador Sougouri of Burkina Faso, speaking on behalf of the C-4, Côte d'Ivoire and 36 African cotton producing countries, reiterated the significance of the WCD 2021 celebration, especially for the C-4 countries, as it would serve as an opportunity to recognise the importance of cotton as a global commodity, and to highlight its central role in creating jobs and providing economic stability in several developing countries, particularly in least-developed countries (LDCs).

1.9. He reported that informal consultations on the draft UN resolution proclaiming 7 October as an international cotton day were taking place between the C-4 countries and other UN members. He reiterated the C-4 request for WTO Members to support its efforts before the UNGA, and welcomed comments and suggestions on moving forward so as to ensure adoption of the resolution this year.

1.10. The Chair thanked the C-4 for the update and expressed hope that the resolution would be adopted in 2021.

1.11. The Executive Director of ICAC, Mr Kai Hughes, made the case that an international day for cotton would be important in increasing awareness of all that was good about cotton and the positive effects it had on people's lives, so that demand for cotton could be increased. Furthermore, he expressed the view that WCD would also provide an opportunity to correct myths about cotton such as those concerning water consumption and pesticide usage.

1.12. He added that cotton demand was driven by consumers who need to be convinced that cotton was not just the natural fibre of choice, but the fibre of choice for all the benefits inherent to it.

1.13. He drew participants' attention to a dedicated website created by ICAC for WCD (<https://www.worldcottonday.com/>) where visitors could find ideas for the 2021 celebration. He further encouraged Members who had plans for WCD 2021 to upload the content onto the website so people could see what others would do and also to keep a record of the events organized.

1.14. He encouraged Members to inform the ICAC of any events they would be holding, so that the organization could promote those on social media and upload them to the World Cotton Day website.

1.15. He reported that ICAC would aim at securing the support of at least a few major brands in each region globally, so as to generate as much attention as possible.

1.16. With regard to the recognition of World Cotton Day by the UN, he stressed it would give a "stamp of approval" and outstanding publicity, which would also enable engagement with retailers and brands, and with the general public.

1.17. He further added that the ICAC had a committee to promote WCD with the participation of organizations from all over the world, such as: Cotton Incorporated, Cotton Council International and Supima in the USA; the Bremen Cotton Exchange in Germany; and Cotton Australia. Those organizations had come up with a slogan to set the theme for this year's World Cotton Day so as to send a positive message about cotton. That message was "Cotton for Good". He, lastly, offered assistance to Members, who could contact the ICAC at wcd@icac.org.

1.18. The Chair thanked ICAC and praised it for its efforts on WCD 2021.

1.19. The representative of China expressed appreciation to the C-4 for the group's continued efforts on WCD 2021, and in seeking UN approval of WCD. He stated that China, as a major consumer and producer of cotton, had always been in support of the initiatives introduced by the C-4, including previous WCD activities. For WCD 2021, China was planning a physical exhibition.

1.20. He further noted that China supported the C-4 countries and would actively participate in the preparation of the physical exhibition, radio programmes and publications on cotton developments,

and cooperation with African Partners and Members worldwide. Lastly, he noted that China would promote cooperation with Members in efforts to build consensus for further results in the cotton negotiations.

1.21. The Chair thanked the delegate of China and recorded that due note had been taken of China's planned activities for WCD 2021.

1.22. The representative of Turkey reported that they would participate in the WCD 2021 events and also engage with the relevant institutions in Turkey, such as producers, processors, consumers, exporters, and other stakeholders. He affirmed that Turkey would be supporting the UN resolution to achieve approval at the 2021 UNGA.

1.23. The Chair thanked the representative of Turkey for his report on all the intended activities for WCD 2021 and for its support for the adoption of the UN Resolution.

1.24. Ambassador Sougouri of Burkina Faso, speaking on behalf of the C-4, expressed appreciation to all Members who expressed support for the C-4 activities and efforts on the WCD resolution. He noted that WCD was a common cause for all DGCFMC participants, and that there was a need to work together to promote cotton and its by-products.

1.25. The Chair thanked Ambassador Sougouri for his statement.

1.26. The Chair thanked all the delegations who took the floor and shared their updates and comments on WCD. She expressed appreciation and encouragement that, despite the sanitary-related challenges and restrictions, WCD 2021 would be celebrated by Members and partners organizations worldwide through meaningful and diverse events.

1.27. With regards to the C-4's efforts in proclaiming 7 October as international day for cotton before the UNGA, the Chair stressed that it was important to recall the reasons behind the initiative, including the need to tackle global cotton-related trade and development challenges. Lastly, the Chair noted that the C-4 had circulated a copy of the draft WCD resolution on 22 March 2021 to all WTO Members, requesting comments and support, with a view to ensuring that the resolution would be adopted at the 2021 UNGA.

1.28. The Chair proposed that the report of the meeting would reflect all statements made under this agenda item, and indicated that the Secretariat would implement follow-up actions accordingly.

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 36 African cotton-producing countries, stressed that the COVID-19 crisis continued to have disastrous effects on the cotton sector in Africa, as had been reported at the 34th Round of Consultations of the DGCFMC. He informed participants that several studies had examined the extent and consequences of this crisis on the whole world, and on the lives of the populations of the LDCs.

2.2. He noted that large quantities of cotton produced in C-4 countries during 2020 remain blocked in factories, transit hubs or in ports, where they were exposed to weather conditions, and stated that this had resulted in huge financial losses. That scenario had been coupled with drops in cotton prices caused by the slowdown in fibre sales.

2.3. He stressed that the cotton sectors of the LDCs needed, more than ever, the support of development partners to find lasting solutions to the challenges faced by cotton growers, and to help build a strong and resilient economic basis. Therefore, the C-4 urged technical and financial partners to support efforts and initiatives for production and processing at the national and regional levels, including the development of infrastructure in the cotton sector.

2.4. While expecting concrete results on the trade negotiations at the 12th WTO Ministerial Conference (MC12), the C-4 encouraged the implementation of projects and programmes for the development of the cotton sector in its member countries to stimulate cotton production, transformation and production of value-added products.

2.5. To achieve those objectives, the C-4 asked for support for the regional cotton initiative named "The Cotton Road Map Project". The project aimed to ensure the development of the cotton value chain, which would be instrumental in creating jobs, fighting poverty, improving food security, and ensuring sustainable economic and social development in the region.

2.6. The C-4 also asked for support on the transfer of technology and know-how for the development of cotton by-products, so as to enable the development of their value chain.

2.7. Finally, the C-4 expressed its wish that the DGCFMC continued to be the forum for exchanges to find concrete solutions and tackle development concerns in the cotton-producing LDCs. Ambassador Sougouri underscored that the C-4 counted on the leadership of the new WTO Director-General, Dr Ngozi Okonjo-Iweala, to bring new life into the WTO, with a view to making the Consultative Framework Mechanism a real lever for the development of LDCs.

2.8. The Chair thanked the C-4 for their statement and called on Members and partner organizations to attend to the C-4 and other African cotton producers' needs on cotton.

3 RECENT DEVELOPMENT IN THE GLOBAL COTTON MARKET AND ADVANCED TECHNOLOGIES IN AFRICA.

3.1. Mr Kai Hughes of ICAC noted that the introduction of advanced technologies for Africa was a recurrent topic. He noted, however, that there were significant challenges to the introduction of some of those technologies in the continent.

3.2. First, on recent developments in the global cotton market, he reported that, for the 2021/2022 season, global production was expected to increase by 5%. Output was due to reach 25.5 million tonnes, with increased planted area in West Africa and the United States - with production in the latter expected to increase by 16%, to 3.7 million tonnes. Higher prices to farmers had been announced in Mali and Burkina Faso for the 2021/2022 season and, thus, area and production were expected to rebound for the region following the contraction in the 2020/2021 season.

3.3. He underlined the good news that production for West Africa was expected to recover, with 38% growth, and was set to reach 1.47 million tonnes. Exports from the region were also expected to continue to recover from the pandemic-related trade disruptions in 2019/2020 and would increase to over 1.4 million tonnes. Planted area in China, however, was expected to contract with production decreasing to 5.7 million tonnes. Meanwhile, planting area in Pakistan was also expected to continue to contract by 5%, due to limited seed availability and production constraints.

3.4. He reported that global consumption for 2021/2022 was expected to increase moderately by 2% and reach 25.3 million tonnes, as the global economy continued to recover. Cotton trade was also expected to increase to 10 million tonnes, with import increases expected across all the major consuming countries. Global ending stocks were expected to increase slightly to 22 million tonnes, as the stocks-to-use ratio fell to 0.87. Cotton stocks in China, however, were expected to decrease as stocks in the rest of the world continued to rise and cotton prices continued to be under pressure from lower polyester prices with the price difference between the two widening.

3.5. He emphasized that there was an optimistic picture for Africa, and that ICAC had already begun rolling out programmes designed to increase sustainability and to double yields in some countries within three to five years.

3.6. On advanced technologies in Africa, he focused on some technologies relevant to smallholder cotton farmers, and on how those technologies could help them.

3.7. He started by examining six technologies that could make big differences in cotton producing countries, i.e.: (i) genetically modified (GM) hybrid seeds; (ii) processed seeds; (iii) conservation tillage for soil health; (iv) pressurized water technologies; (v) robotics, drones; and, finally, (vi) virtual reality tools and mobile applications.

3.8. With regards to GM hybrid cotton seeds, he noted that GM BT cotton did not increase yields, but it was rather an insurance policy to protect the plants from the bollworm pest. He noted that GM BT hybrid cotton seeds were present in India. Nonetheless, the rest of the world grows

GM varieties and not hybrids. China and Pakistan tested GM BT cotton hybrids, but preferred adopting GM BT varieties over BT hybrids.

3.9. He explained that the main difference between hybrid seeds and variety seeds was that hybrid seeds were meant for single use, and saved seeds could not be reused for sowing in the following season. In contrast, variety seeds could be re-used over several subsequent seasons. Hence, hybrid seeds must be purchased every year. BT variety seeds cost less than half the price of BT hybrid seeds, and were equally effective in controlling bollworms. He explained that BT hybrid seeds were less sustainable because they produced a few non-BT seeds that accelerate the development of insect resistance, unlike BT varieties which did not produce any non-BT seeds in their bolls. Hybrid seeds were sown in low plant density, grew for a longer time, and needed more water over a longer period. Moreover, they did not perform well under rainfed conditions, which remain the predominant cotton production method in Africa.

3.10. He reported that, except for South Africa and Burkina Faso, all other African countries had either introduced BT-cotton hybrids or had been testing them. He stressed that BT cotton kills bollworms very much like other insecticides would but without increasing yields.

3.11. While hybrid cotton did perform well with higher yields for a few years, under conditions with good irrigation and with high fertilizer use, its performance in rainfed conditions had been highly inconsistent.

3.12. He suggested that Africa cotton producers must consider global experiences and data before deciding on whether to adopt BT-hybrids, BT-varieties, or non-BT varieties.

3.13. With regard to "processed seeds", he underscored that seeds in all advanced cotton-producing countries were delinted, graded, and treated with chemicals to protect the seedlings effectively. He noted that, in Africa, the use of fuzzy seeds was one of the main reasons for lower yields than in other regions.

3.14. He suggested that African countries must seriously consider delinting seeds and grading them for high vigor and high germination percentage. He reported that a Pan-African Project was being proposed by the ICAC, the African Cotton Foundation (ACF), and the *Centre de coopération internationale en recherche agronomique pour le développement* (CIRAD), and he expressed the hope that African countries would support that project.

3.15. The third technology presented was conservation tillage. Mr Hughes noted that this technology had been adopted in more than 70% of the cotton-producing area in Brazil, the United States, and other major cotton-producing countries.

3.16. The technology was seemingly simple and easy to adopt, and was widely considered to be an effective tool in combating climate change by preventing soil erosion, reducing weeds, fixing nitrogen, and enhancing soil organic matter which helps the crop to combat drought and water-logging.

3.17. With regard to drip irrigation, he noted that the initial investment and maintenance costs were very high. He therefore suggested that African producers could employ bio-mulches, water harvesting, and planting on ridges and furrows so as to conserve water and increase water use efficiency.

3.18. Regarding robotics, he noted that it had been used for sowing, crop monitoring and picking in large cotton-producing countries. Furthermore, drones were used to identify insects, monitor crop health, carry out field surveys, and spray pesticides. Sensors were also being used in soil nutrient estimates, soil moisture predictions, and pest monitoring.

3.19. While drones and robotics were quite expensive, sensor technologies for pest monitoring and crop health monitoring were much more affordable. He also noted that several small machines and tools had been developed in India and China resulting in great benefits for small scale farmers. Those could be easily used and assembled in Africa.

3.20. He noted that technologies such as artificial intelligence based mobile applications enabled communication with illiterate farmers in their local languages and dialects. In this regard, he mentioned the ICAC Soil and Plant Health Application, which informed farmers about the best time to plant their crop; monitored the progress of the crop; used its artificial intelligence (AI) component to identify pests and diseases; and provided a warning system to farmers in their local area, while also collecting data on sustainability at the local level.

3.21. For this purpose, he stressed that the COVID-19 pandemic had led to the imposition of restrictions that had impeded farmers from receiving extension workers and experts in the fields. In this context, virtual reality training technologies had provided an innovative alternative to farmers, allowing for extended training and education.

3.22. The Chair thanked ICAC for its interesting and thought-provoking presentation, especially considering the socio-economic objectives of boosting productivity and improving agricultural practices.

3.23. The representative of China thanked ICAC for the presentation and asked: (i) what could be done to improve the quality of cotton produced in Africa, and which cotton variety would be most suitable to meet the demands of textile industries?; and (ii) regarding mechanisation for cotton production in Africa, which were the tools used predominantly by small scale farmers, and how could they could be mechanized to reduce labour intensiveness?

3.24. The representative of Burkina Faso thanked ICAC for its informative and insightful presentation, which had provided concrete information for C-4 countries, and which would help in their efforts to enable farmers to obtain higher cotton yields. He then asked for the presentation to be circulated to the C-4 for further analysis and implementation on the ground.

3.25. The Chair confirmed that the ICAC presentation and all other presentations would be uploaded to the WTO cotton webpage, and shared with all DGCFMC participant after the meeting.

3.26. The representative of India inquired whether the findings about BT hybrid seeds on yields had emerged from research conducted by the ICAC or from general research. He also asked which type of seeds could be used to increase productivity.

3.27. The representative of Benin thanked Mr Hughes for the wealth of information presented on how African cotton-producing countries could improve yields. He noted, however, that using small-scale tools was the opposite of what Benin had been doing, as it preferred large machines for mechanisation in order to boost yields.

3.28. The representative of ICAC responded that the quality of African cotton was known as being among the best in the world. With regards to the mechanisation of African cotton production, he noted that large machinery was quite expensive, and that small-scale farmers generally could not afford to buy it unless they cooperated with one another to do so.

3.29. Regarding the question of high cotton yields, he stated that there were simple solutions that could be adopted, such as the use of delinted or treated seeds.

3.30. Responding to the question on BT hybrid seeds, the representative of ICAC noted that several studies had showed they initially did well by draining the nutrients and water in the soil, and were therefore suitable for irrigated areas. In addition, BT hybrid seeds were expensive and could therefore less easily be afforded by African farmers.

3.31. The representative of Côte d'Ivoire inquired whether there was a cost-benefit study on the adoption of the technologies presented for Africa.

3.32. The representative of Burkina Faso noted that they had already started treating seeds before planting, and that that had indeed helped to boost productivity levels. He further noted that Burkina Faso was experimenting with drones and mobile applications to communicate with farmers about weather and rainfall forecasts.

3.33. The representative of ICAC responded that a cost-benefit analysis would be an important exercise to undertake. In response to Burkina Faso, he noted that, by adopting best practices with the assistance of ICAC, Chad and Uganda had increased their production by approximately 40%.

3.34. He concluded by noting that ICAC would start introducing productivity programmes in Togo, Côte d'Ivoire, Zambia, Burkina Faso, and Cameroon in 2021.

3.35. The Chair thanked Mr Hughes for his presentation and for ICAC's efforts to support the development of the cotton sector, and thanked the Members that took the floor for their comments and questions.

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.30.

4.2. Mr Robson Fernandes of the Agriculture and Commodities Division presented the latest revision of the ET. He 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, which were important 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. The information received for the latest revision included updates under Part I on cotton-specific programmes by Australia, Brazil, Germany, the Food and Agriculture Organization of the United Nations (FAO), the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO).

4.4. Under Part II, on projects on agriculture and infrastructure-related activities benefitting the cotton sector directly or indirectly, notifications had been received by Canada, Germany, and Japan.

4.5. Mr Fernandes reported that, due to the new notifications received and the changes introduced in ongoing projects, the latest version of the ET showed a decrease in the committed monetary value for both active cotton-specific programmes and for agriculture and infrastructure programmes.

4.6. The representative of Brazil reported that Brazil had made progress in all five ongoing projects that it notified. Since the last version of the ET, Brazil had disbursed an additional USD 2.3 million despite the economic effects of the pandemic. With those new disbursements, Brazil had provided over USD 45.3 million in cotton-specific development assistance programmes.

4.7. He also commended the WTO Secretariat and developing country Members, particularly the C-4, for the inclusion of Part IV in the ET, as that inaugurated a new avenue that would allow both beneficiaries and the development assistance community to better identify the needs and opportunities that would boost cooperation in the cotton sector.

4.8. The Chair thanked Brazil for the updates and for its comments on the new part of the Evolving Table.

4.9. The representative of Mali, on behalf of the C-4, congratulated the WTO Secretariat for the newest version of the ET. He welcomed the fact that the ratio of total disbursements *versus* total commitments for cotton-specific development assistance programmes had gone from 28% in the 30th version of the ET to 32% in the last version in its Part I. Likewise, on agriculture and related infrastructure programmes, in Part II, a slight improvement from 27% to 28% had been recorded.

4.10. He further stressed that, in order to perpetuate gains and meet new challenges, the C-4 would welcome a substantial increase in cotton development assistance, in order to enable their economies to cope with the harmful effects of the pandemic. He recalled the regional initiative "The Cotton Road

Map Project" aimed at ensuring the development of the cotton value chain, and serving as an instrument to create jobs, improve the food security situation, and ensure sustainable and inclusive social and economic development in the region. Finally, the C-4 urged Members to contribute to other national and regional projects that could promote production, processing and marketing of their cotton and cotton by-products based on the development component of the 11th WTO Ministerial Conference Decision on cotton.

4.11. The Chair thanked the representative of Mali for their statement, and for having encouraged all development partners to contribute to the regional cotton programme as well as to the implementation of projects promoting the development of the cotton industries in LDCs.

4.12. The representative of Mozambique also thanked the WTO Secretariat for the assistance provided on cotton and further extended gratitude to the C-4, donors and developing agencies engaged in cotton development assistance.

4.13. The Chair thanked all those who had provided inputs for revision of the ET and noted that, despite the decrease in committed amounts for cotton-specific programmes, there had been an increase in the number of projects from 26 to 27. She added that those targeted cotton programmes ultimately help to empower local cotton producers, and that they enabled various actors to develop cotton value chains in some of the poorest regions of the world. She emphasized the need to continue focussing on the needs of cotton-producing developing countries to address their technical assistance and development needs, and to improve their cotton production, transformation, and trade.

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, and opened the floor for any delegation wishing to provide updates on relevant programmes.

5.2. The representative of Brazil highlighted the initiatives that Brazil had developed with African, Latin American and Caribbean partners, and with other international organizations, under the South-South Cotton Cooperation to promote sustainable development of cotton value chains. The Brazilian Cooperation Agency from the Ministry of External Relations (ABC/MRE), the FAO, and seven partner countries (i.e., Argentina; Bolivia, Plurinational State of; Ecuador; Colombia; Haiti; Paraguay; and Peru) had joined forces to implement the +Cotton project.

5.3. He added that this trilateral South-South cooperation initiative had been investing financial resources from the Brazilian Cotton Institute (IBA) and provided technical and human resources from different partners and institutions to strengthen the cotton value chain.

5.4. He reported on some of the outcomes so far, including: 9,778 producers benefited; 700 students trained in Paraguay and Colombia; 340 artisans and their organizations strengthened; 2,419 local technicians and professionals trained at the field level; and validation and replication of good agricultural practices.

5.5. As a result of that initiative, he reported that there had been an average increase of 23% in the yield of cotton produced in family farming; a 48% reduction in the application of pesticides and a 80% increase in income from sales in Paraguay; revenue increased by 45%, yield increased by 48%, and the use of pesticides was reduced by 45% in Peru; revenue increased by 29%, performance improved by 17%, and costs were reduced by 10% in Colombia; and income increased by 163%, yield by 55%, and pesticide use reduction by 27% in Ecuador.

5.6. He also reported that the regional project +Cotton celebrated World Cotton Day 2020 through a series of virtual seminars, along with other projects from the Brazilian South-South cooperation programme such as the Shire Zambezi and Cotton with Decent Work projects, in collaboration with the International Labour Organization (ILO). Those webinars were held over a week and they brought together more than 1,000 attendees and 46 exhibitors.

5.7. The representative of China noted that China had developed five cotton training programmes for the C-4 and also other cotton-producing countries in Africa. He also reported on two country-specific programmes in Uganda and Madagascar. One regional pest control programme that

had been supported since 2019 covered Ethiopia, Kenya, and Uganda, and had been implemented with the collaboration of the FAO. China had also supported the participation of C-4 experts in some important cotton-related events, such as WCD. In January 2020, at the request of the C-4, China had funded the participation of Geneva-based C-4 experts at the high-level workshop and C-4 Ministerial meeting held in Burkina Faso. China also provided technical assistance for cotton cultivation in Benin. Despite the difficulties resulting from COVID-19, Chinese experts conducted training programmes to help the Benin cotton sector. From March to May 2021, programmes supported by China had successfully trained 2000 people in Benin in planting machinery operation and maintenance, with the participation of the Ministry of Agriculture and the local Cotton Association.

5.8. The representative of India reiterated the support it provided to African countries. The second phase of technical assistance partnership, covering more than 11 African countries, focused on cotton production and improving post-harvest and capacity building in the cotton industry. He further recalled that India provided duty-free and quota-free access to all cotton imports from LDCs, which, as a result, were significantly higher for India than the world average. He concluded by stressing that India remained committed to building long-term partnerships with Africa, especially on cotton.

5.9. The representative of Chad, on behalf of the C-4, thanked the Members who had contributed to cotton-related projects in Africa. With regard to the importance of South-South cooperation, he asked that priority be given to supply chain projects that would improve production and transformation at a local level to help to reduce poverty, as this had been exacerbated by the COVID-19 pandemic.

5.10. He further called on partners to support the regional "Cotton Road Map Project".

5.11. The Chair thanked all the delegations who took the floor to share information and details on their South-South cooperation programmes. She 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 by underscoring that the inclusion of the item had been requested by the C-4, and that it constituted a major improvement to the practical work of the Consultative Mechanism. She 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 Burkina Faso, speaking on behalf of the C-4, expressed their appreciation to development partners for their contributions in the implementation of cotton development assistance projects whose objectives were to improve the productivity and competitiveness of the cotton/textile/clothing sectors. Those projects ultimately aimed to encourage the processing and local upgrading of cotton with a view to diversifying both the sub-regional and international markets. He noted that the C-4 countries were faced with enormous challenges in implementing "The Cotton Road Map Project". The project covered a seven-year period, including a pilot implementation phase of four years followed by a three-year acceleration phase. He reported that, two years after its launch, only two components of the programme had been initiated, namely those related to the valorisation of seeds and promotion of investments, transfer of technology and know-how. The components for the creation of value addition to the cotton fibre in West Africa and Central Africa were still awaiting implementation.

6.3. Because of the importance of "The Cotton Road Map Project" to the region's development, the C-4 reaffirmed the group's desire to organize a round table on financing pending cotton projects and programmes, which would be held in the margins of the 12th WTO Ministerial Conference. The group would furthermore welcome the participation of all DGCFMC partners at this event.

6.4. He further reiterated that the C-4 supported the discussions to enhance the effectiveness of the DGCFMC through the ongoing discussions to update item 6 of the agenda.

6.5. He urged the WTO Secretariat to undertake a comprehensive study to assess the impact of the COVID-19 pandemic on the agricultural sector, with a view to identifying appropriate and targeted solutions to help cotton production, processing and marketing, including to cotton by-products.

6.6. He stressed that the C-4 appreciated the efforts by development partners to mobilize more resources to support the cotton sectors in LDCs, in accordance with the 2013 Bali and 2015 Nairobi Ministerial Decisions.

6.7. Finally, he proposed the establishment of a "management committee" to co-ordinate the implementation of the project on transfer of technology and know-how for the development of cotton by-products in LDCs.

6.8. The Chair thanked Ambassador Sougouri for his intervention under this agenda item and noted that the Secretariat had taken note of all the requests made, particularly on a comprehensive study to assess the impact stemming from the COVID-19 pandemic to the cotton sector, with a focus on African LDCs.

6.9. The Chair then invited Ms Xiaoping Wu, Counsellor, and Mr Ting-Wei Chiang, Young Professional, both from the WTO Intellectual Property, Government Procurement and Competition Division (WTO/IPD) to make a presentation on the "Implementation of Article 66.2 of the TRIPS Agreement: incentives for technology transfer to least developed country members and overview of technology transfer in the field of agriculture technology". Since this was the first participation of the WTO/IPD in the Consultative Mechanism, the Chair welcomed the presenters and encouraged their active participation in sharing knowledge and strengthening synergies in the work ahead.

6.10. Ms Wu recalled Article 66.2 of the TRIPS Agreement and reported that from 2008 to 2021, 14 annual workshops had been organized addressing technology transfers from developed Members to LDCs.

6.11. She noted that during the 2021 workshop the following topics had been covered: (i) a dedicated session on technology transfer in the field of agriculture (e.g., the European Union technology transfer for the production of sustainable cotton seed oil in Burkina Faso); (ii) a survey on technology transfer for identifying the needs and priorities of LDCs Members; and (iii) a summary of technology transfer programmes reported by developed country Members from 2018 to 2020.

6.12. Regarding the technology transfer programmes on agriculture, Mr Chiang reported that 110 programmes had been notified to the WTO, benefitting 35 LDCs. He added that the United States of America, the European Union and Switzerland were the top providers of technology transfer and collectively reported 70% of the programmes. The top three beneficiaries were Myanmar, Ethiopia and Mozambique.

6.13. With regards to the survey, 14 WTO LDC Members responded to it: Angola, Bangladesh, Benin, Burkina Faso, Cambodia, The Gambia, Guinea, Haiti, Lesotho, Madagascar, Mali, Myanmar, Nepal, and Zambia.

6.14. The presenters then presented relevant projects that had been notified to the TRIPS Committee: (i) Australia's ASEAN Regional Diagnostic Network Project for the diagnosis of plant pests and diseases in Cambodia, Lao PDR and Myanmar (IP/C/W/646/Add.2; IP/C/W/656/Add.3); (ii) the European Union's technical assistance on cotton policies, organic cultivation and low contamination, seed purification, development of new hybrids and related certification, experimental cotton plantation in Egypt (not LDC Member, IP/C/W/646/Add.7); (iii) Switzerland's programme on increased productivity for producers of certain raw materials (i.e. cotton, cocoa, and coffee) (IP/C/W/646/Add.1; IP/C/W/656; IP/C/R/TTI/CHE/1); and (iv) Switzerland's programmes on technologies for crop rotation, drip irrigation, alternate wetting and drying (AWD) and laser levelling to enhance water efficiency for 65,000 cotton or rice farmer families in Myanmar and Madagascar (IP/C/W/656; IP/C/R/TTI/CHE/1).

6.15. With regard to future work, Ms Wu highlighted: (i) an improved survey for identifying the technology transfer needs and priorities of LDC Members; and (ii) elaboration of a comprehensive list of specific types of technologies in the agriculture sector.

6.16. The Chair thanked WTO/IPD for the useful and interesting presentation and underscored the possibility of synergies between the work of the DGCFMC and the WTO/IPD, particularly with regard to Article 66.2.

6.17. The Chair then opened the floor for comments and questions.

6.18. The representative of Chad thanked the Secretariat for the presentation, and noted that it provided further ideas of how Article 66.2 of the TRIPS Agreement could be implemented from a practical perspective. He stressed that the implementation of Article 66.2 of the TRIPS Agreement remained a high priority for the LDCs. He then asked the presenters whether a study could be undertaken to find out the actual steps that had been taken in agriculture and specifically in the cotton sector.

6.19. The representative of Mozambique expressed appreciation for the Secretariat's presentation, and encouraged Members to discuss further how tangible programmes can be developed to transfer technology to LDCs, and assist them financially to achieve technological objectives.

6.20. The representative of Burkina Faso expressed thanks for the interesting presentation, and stressed that the topic was very important to the C-4, especially for cotton-producing countries and LDCs that would appreciate more tangible results on technology transfer. He asked what could be done to ensure technology transfer in the field.

6.21. Responding to the question by Burkina Faso, Ms Wu noted that technology transfer was an important part of the balance of the TRIPS Agreement, which included other provisions not mentioned during the presentation. She also noted that one of the main challenges for LDCs was to identify their needs and priorities in the field of technology transfer: those would eventually be included in the upcoming survey results.

6.22. The Chair thanked WTO/IPD for their presentation, and noted that follow-up actions would include continuing the interaction over avenues for further collaboration.

6.23. The Chair then invited Ms Saskia Widenhorn, Global Programme for Sustainability and Value Added in Agricultural Supply Chains from the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) of the German Federal Ministry for Economic Cooperation and Development (BMZ) to present on the GIZ/BMZ Sub-Saharan Cotton Initiative.

6.24. Ms Widenhorn noted that the programme focused on consumer demands, and thus could be classified as "from the shelf to field" work. The programme also fostered cooperation between local companies and global companies for a more transparent, fair and sustainable value chain. A "Call for Proposals" had been launched in March 2021, targeting ideas from within the supply chain on needs and opportunities to be sought.

6.25. The programme covered the following thematic areas: sustainable production, improved seeds, climate change mitigation and adaptation, local processing, and digital traceability purchasing of sustainable African cotton. It aimed to increase farm income, improve employment, increase per hectare yields, cultivate land more sustainably, build capacity, and purchase increased quantities of sustainable African cotton.

6.26. She noted that the programme targeted projects of between EUR 500,000 and EUR 2.5 million, and that the consortia should contribute approximately 50% of the value. The period over which projects should be implemented would be up to three years.

6.27. The Chair thanked GIZ/BMZ for the informative presentation and opened the floor for questions and comments.

6.28. The representative of China asked what difficulties were encountered during the selection process, e.g., pairing local and international companies in consortia, also in the development and implementation phases of those projects.

6.29. The representative of Burkina Faso congratulated Ms Widenhorn for the presentation and for the GIZ/BMZ initiative supporting the development of the cotton sector.

6.30. The representative of Côte d'Ivoire noted that one of the major challenges of commodity producing countries was the price-setting process. He therefore asked whether the link established between producers and buyers could lead to price increases for cotton producers.

6.31. The representative of GIZ/BMZ, responding to China, reported that the selection process was ongoing. However, she explained there was a platform where local companies could liaise with European companies to facilitate the matchmaking. Regarding the question posed by the representative of Côte d'Ivoire, Ms Widenhorn explained that, at this initial phase of the programme, no concrete example of improved producer sales prices could yet be mentioned, but that this was one of the objectives envisaged by the programme.

6.32. The Chair thanked GIZ/BMZ for the presentation, and thanked Members for the questions and comments that followed.

6.33. The Chair then invited Mr Damien Sanfilippo, Director of Global Programmes at the Better Cotton Initiative (BCI), to give a presentation on how a BCI programme could be set up in a new country.

6.34. Mr Sanfilippo reported that the BCI programme was currently adopted in 25 countries. He recalled that BCI was founded in 2005 by a number of organizations willing to work out a practical solution to secure a sustainable future for the cotton sector. In that respect, multi-stakeholder dialogue was fundamental to the work of BCI as it engaged in discussions with members and partners. Currently, over 190 retailers and private groups representing more than 400 international brands were responsible for sourcing over 1.5 million MT of Better Cotton in 2019. He noted that BCI was largely market-driven by companies which had made a commitment to source all their raw material in a more sustainable manner.

6.35. He explained that the Better Cotton Standard System (BCSS) served as a tool to help achieve more sustainable cotton production, handling, transformation and processing. The system sought to ensure that cotton was sustainable from an environment, social and economic perspective.

6.36. He reported that for the 2018/2019 season, 2.1 million farmers were licensed to sell their cotton to the market as BCI labelled cotton. Those farmers were located in 23 countries and accounted for 22% of global production.

6.37. He stated that there were essentially two different models for setting up country programmes: (i) direct implementation of the BCSS, where it was implemented either by BCI country teams or by BCI strategic partners; or (ii) a one-way recognition of local standards by a third party, where there was a credible locally-owned cotton production standard system in the country or region which was benchmarked against the BCI standard scheme through an independent gap analysis for equivalence.

6.38. Amongst the criteria used to evaluate a potential country programme, BCI examined: (i) demonstrable need for improvement of social, environmental or economic conditions; (ii) demonstrable demands; (iii) relevant and qualified potential strategic partners who could take responsibility for the programme locally; (iv) production volumes and the number of farmers; (v) multi-stakeholder ownership; (vi) medium-term and long-term potential; (vii) risk assessment of the operating environment; and (viii) financial support, including a viable long-term funding mechanism. He noted, however, that none of those criteria warranted exclusion.

6.39. The BCI country programme process included first the submission of a declaration of interest indicating whether the conditions regarding the existing situation were met. This was followed by a multi-stakeholder workshop with local stakeholders, before the signing of a strategic partnership agreement. The whole process could take from 12 to 18 months.

6.40. The Chair thanked Mr Sanfilippo for the presentation and opened the floor for comments and questions.

6.41. The representative of Côte d'Ivoire asked whether UNIDO could serve as an intermediate in the process, on behalf of a country.

6.42. The representative of BCI responded that countries could contact BCI directly, but, if there was already an established link with UNIDO, that channel could also be used, considering UNIDO's considerable experience in the field.

6.43. The Chair then invited Mr Escipi3n Oliveira G3mez, Assistant Secretary General for the Department of Structural Economic Transformation and Trade of the Organization of African, Caribbean and Pacific States (OACPS), to make a presentation on the topic: "OACPS-EU Programme: Business friendly and inclusive national and regional policies, and strengthening productive capabilities and value chains".

6.44. Mr Oliveira G3mez recalled that the OACPS aimed to promote sustainable development of its Member States for gradual integration into the global economy and with the ultimate objective of reducing, and eventually eradicating, poverty and empowering youth and women.

6.45. He reported that the OACPS and EU had jointly implemented a framework programme for private sector development, together with other UN organisations: this sought to improve the business environment; strengthen the capacity of intermediary organisations and micro, small and medium enterprises (MSMEs); and support the informal sector, including through micro finance schemes, investments and loans including blending facilities.

6.46. The joint OACPS-EU programme for the cotton industry supports business-friendly and inclusive national and regional policies to strengthen productive capabilities and to enhance value chains, in collaboration with the World Bank, UNIDO, and the International Trade Centre (ITC). The total budget of the programme was GBP 34.7 million, sourced from the European Development Fund and targeting Benin, Burkina Faso, Kenya, and Zambia. The programme also partnered with the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC) to promote intra-regional and continental trade.

6.47. He reported that the activities covered include: public-private value chain alliances; fostering cooperatives; supporting quality systems and standards; conducting training, studies, and branding; developing inclusive market and buyer linkages: providing production insurance; purchasing equipment; developing e-commerce tools; developing design, improving performance and governance; supporting eco-friendly practices, soil health and yields; providing market intelligence; and exchanging best practices.

6.48. He reported that, as a result of the programme, Benin and Burkina Faso could increase their exports of cotton & textile products by USD 62.6 million and USD 65.8 million, respectively. In line with the current export structure of those countries, cotton offered the best export growth potential, especially to Asian markets.

6.49. He also reported that Kenya's apparel exports had a potential export growth of USD 139 million, considering the preferential market access that had been provided under Economic Partnership Agreements. Zambia could increase its cotton and textile exports by USD 34.7 million. He noted that the intra-regional export potential by 2023 was seven times higher than that with the rest of the world.

6.50. He also presented other examples of OACPS programmes covering the cotton sector, including: the Boost Africa Initiative (EUR 60 million) implemented via the African Development Bank (ADB) and the European Investment Bank; the Farmers' Organisations for ACP Programme (EUR 40 million) in collaboration with the International Fund for Agricultural Development (IFAD), the Pan-African Farmers Organisations and various African Regional Farmers Organisations for capacity building; the "Investment Climate Reform Facility" (ICR) (<https://www.icr-facility.eu/>), a joint initiative of the OACPS, the European Union, the British Council, Expertise France, GIZ/BMZ and the Netherlands Development Organisation (SNV).

6.51. With regard to future actions, he reported the promotion of "Cumulation of Rules of Origin" between countries trading under "Everything but Arms" (EBA) and "Economic Partnership Agreements" (EPA) so as to enable the creation of regional and continental value chains, as well as the establishment of an "OACPS Business Forum" via the creation of a network of OACPS regional and national private sector focal points.

6.52. The Chair thanked Mr Oliveira Gómez for the presentation, asked how long the joint OACPS-EU programme had been in progress, and whether some of the results and challenges could be shared with Members.

6.53. The representative of OACPS replied that the programme had been in progress for almost three years, but that implementation had been slowed because of the pandemic: for this reason, relatively few results and experiences could be shared at this stage.

6.54. He stressed the objectives of promoting high value-added products, fostering pride in local products, promoting regional trade, and also promoting online market tools to local producers.

6.55. The representative of Chad asked how local and regional markets could be developed.

6.56. The representative of China asked for examples of some of the main problems in the African and Caribbean cotton industries in relation to trade, production and processing.

6.57. Responding to the representative of Chad, Mr Oliveira Gómez noted that, to improve local and regional markets, it was essential to facilitate intra-regional transport, and that the African Continental Free Trade Area (AfCFTA) could highlight solutions that would improve the current situation.

6.58. Responding to the Chinese representative, Mr Oliveira Gómez noted that challenges were found in all areas, and that a coordinated across-the-board strategy should be sought.

6.59. The Chair thanked Mr Oliveira Gómez for his presentation and expressed the hope that the OACPS would continue to participate in the Consultative Mechanism and share their experiences.

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

6.60. Mr Robson Fernandes reported that the latest revision of the Evolving Table (ET) in document WT/CFMC/6/Rev.30 included a new Part IV compiling cotton-related development assistance requests submitted by developing country Members. This new Part IV to the ET had been decided during the 34th Round of the DGCFMC on 12 November 2020, and was 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). He reported that eight projects had been presented by individual Members, as well as one regional project from the C-4, i.e., the "Cotton Road Map Project".

6.61. He explained that the new Part IV comprised of six columns: (i) project request ID; (ii) title of the project submitted; (iii) estimated value; (iv) reported status (implementation in progress, open, partially concluded, concluded or removed); (v) full project details; and (vi) the beneficiary Members. He further noted that the main objective of this compilation was to keep track of demands submitted by beneficiary Members to DGCFMC, so as to give visibility to beneficiary Members' cotton-related needs.

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 in document WT/CFMC/21/Rev.18, which included updates that had been submitted by Burkina Faso.

7.2. The representative of Burkina Faso reported on recent internal cotton sector reforms. He noted that the government set-price for cotton of CFA 270, with a view to reaching 640,000 tonnes of high-quality cotton in the 2021/2022 season.

7.3. He also reported that the government had been undertaking a study on new economic models for the cotton sector addressing economies of scale and importance of research and development.

7.4. He further reported that Burkina Faso was working to develop the cotton processing value chain, and was also working on the 3rd edition on the International Cotton Fair (SICOT), which would

offer good opportunities for investors and project managers to assess the implementation of cotton projects in Africa.

7.5. The Chair thanked the representative of Burkina Faso for the updates.

7.6. The representative of Mali encouraged Members to pursue significant outcomes by MC12 on domestic support for cotton. He further noted that almost four million farmers made their living directly and indirectly from the cotton sector in Mali. The sector was also responsible for around 4,700 jobs.

7.7. He reported on reforms to the management and structure of the *Compagnie Malienne pour le Développement des Textiles* (CMDT). He further noted that, as in most cotton-producing countries in Africa, the cotton sector in Mali had been strongly affected by the COVID-19 pandemic, mainly due to the drop in cotton prices, and a drastic drop in seed cotton production, which fell from 710,000 tonnes in 2019/2020 to 156,522 tonnes in 2020/2021, representing a 77.95% decrease.

7.8. Faced with this situation, the Ministry of Agriculture, Livestock and Fisheries organized national cotton meetings with a view to taking steps to make the sector more resilient to disruptive exogenous factors, including by strengthening the capacities of farmers' organizations, reorganizing input supply and financing, setting an incentive price for seed cotton programmes, and maintaining fertilizer support.

7.9. He reported that the objective for the 2021/2022 agricultural season was to produce 820,000 tonnes of seed cotton and 340,300 tonnes of cotton fibre.

7.10. He concluded by calling on all WTO Members to adopt concrete solutions in the current negotiations to preserve and promote LDC cotton sectors, which the lives of millions of people depend on, cotton trade being a vital tool with which to fight poverty and ensure sustainable development.

7.11. The Chair thanked the representative of Mali for their intervention.

7.12. The delegation of Benin submitted a statement which highlighted that, for the third consecutive year, Benin ranked as a major cotton producer in Africa, with a record production of 731,056 tonnes in 2021. The statement further noted that in Benin the management of the cotton sector was exclusively entrusted to the private sector through a framework agreement signed between the State and the Interprofessional Cotton Association (AIC).

7.13. Some important reforms were implemented in 2020 to improve performance of the sector and ensure its sustainability: the creation of the Cotton Research Institute (IRC) in charge of research, innovations, supervision and agricultural advice; the establishment of the Control and General Inspection Department; the establishment of a framework for the indebtedness of Organizations of Producers (OP); adoption of actions to fight against fraudulent outflow of cotton; and the revitalization of agricultural mechanization, by increasing the ginning capacity of seed cotton through a partnership with the National Agricultural Mechanization Agency (ANAMA) and the three Agricultural Mechanization Training Centres.

7.14. AIC, through the IRC, had started to promote sustainable production technologies through the agroecological transition project in the cotton zones of Benin financed by the *Agence Française de Développement* (AFD). That project aimed at scaling up sustainable production technologies, including: better management of soil organic matter by securing harvest residues; implementation of concerted resource management measures for natural resources through the promotion of inter-actor consultations at the field level (integration of agriculture and livestock); use of plant fertilizers in rotations before cotton growing; sustainable mechanization of production through the introduction of agricultural equipment and mechanization of agricultural delivery services for the benefit of producers and in collaboration with ANAMA.

7.15. AIC was also responsible for supervising production to ensure ownership by local farmers. In addition, the association had been working on digitization of plots for monitoring the land use and producers' production. AIC was also coordinating disbursement of cotton funds to local producers.

7.16. Those actions aimed to improve the average yield up to 1,500 kg/ha, for a total cotton production of 1,000,000 tonnes at the end of the 2023/2024 campaign.

8 CONCLUSION

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

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

8.3. She commended the donor community as well as the beneficiaries of cotton development assistance for their usual active engagement and constructive role in taking forward discussions, as reflected in the Evolving Table. She 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.
