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INDSUTRY - ZAMBIA**

DURING THE WORLD COTTON DAY CELEBRATIONS

7TH OCTOBER 2019

GENEVA

Chairperson,

May I take this opportunity to thank the WTO Secretariat for organizing this in collaboration with UNCTAD and ITC, as part of WTO's development assistance work, with a view to facilitating collaborative initiatives between beneficiary cotton producing countries and a wide network of global public and private sector partners.

For Zambia, development of the cotton sector value chain remains a priority enshrined in the Seventh National Development Plan and is considered as an important catalyst for improving incomes and livelihood of the rural population. Emphasis is placed on the need to enhance cotton production and the development of the cotton value chain as part of interventions aimed at not only revamping the textiles and clothing industries but also ensure that other by-products of cotton are promoted such as oil and cake for animal feed as well as the use of stalks to produce briquettes .

Currently, there are approximately 300,000 small holder farmers engaged in cotton production out of the 1.6 million total small holder farmers in Zambia. A number have integrated their cotton production with growing other crops in order to supplement their incomes due to the fact that cotton yields remain low and the pricing has not always been favourable. The yield per hectare averages around 850 Kgs compared to neighboring countries where the yields go beyond 1000 kgs per hectare, despite having good climatic conditions for cotton production. There is definitely scope to improve cotton yields through among other interventions, introducing the use of improved cotton varieties whose estimates are above 2,000 kg per hectare and improving farming methods, to address challenges associated with bollworm damages. In the 2017/2018 farming season, cotton production was estimated at about 116,423 metric tons and the area planted was estimated at about 118,763 Hectares. Nearly 100% of cotton production by small holder farmers is rain-fed and is hand-picked, making Zambia's cotton clean and attractive.

In terms of pricing, most cotton farmers who have entered into contractual farming arrangements have not been able to get a fair share from their produce in terms of income, as the cotton is sold with the seed at the same price. The farmer in such arrangement are not able to access seed to produce other by products such as oil and cake for animal feed.

The average domestic price of cotton was at K3.7 per kgs in the 2017/2018 marketing season. yet the price of seed remained higher at no less than K4 per kg. Price is therefore an important determinant for a small scale farmer to choose whether to produce cotton or other crops.

In terms of exports, much of Zambia's cotton is exported in its raw form.

Nonetheless, the situation has changed considerably with the establishment of a farmer-owned ginnery in Mumbwa District to ensure that the cotton producers get value for their money. The ginnery is now facilitating the separation of seed from lint and the farmer is now able to get an income for both link and seed, which was not the case before. These steps have not only improved incomes of farmers but have also facilitated easy access to seed by cotton growers and a choice for the farmer to either process the lint into yarn and the seed into oil or sell in their raw form. Further, the farmers can now choose to sell their cotton and seed where they will get the highest price, and cha retain part of their seed for planting.

The farmers are now able to spin their lint and use the yarn to make handlooms and the results so far have been impressive as the handlooms are now selling on the international market. Over 600 women have been training in weaving and handloom production, in collaboration with the International Trade Centre (ITC) through

support from cooperating partners such as the European Union. The farmers have also received training on export management and linkage to international markets, business skills, quality management and design.

Plans are underway to establish centres of excellence and to train the young people how to make handloom machines so that the machines are readily available while creating opportunities for income generation among the youths. This is clearly an area that has vast potential to create jobs and enhance incomes for a wide array of stakeholders.

The government has also identified other cotton producing districts in Eastern and Southern Provinces of Zambia to set up farmer owned ginneries.

About 58.6 % (2016 statistics) of the Zambia population resides in rural areas, and is dominated by women and youths. Wood fuel and charcoal is the main source of energy for this rural population. The migration of people from the rural to the urban areas as well as the low levels in water to generate hydro power has exerted more pressure and demand for wood fuel and charcoal for the urban population. Zambia's forest degradation is estimated at 250,000 to 300,000 hectares per year. At an average of 3.5 kgs per day of charcoal use per household, total national charcoal consumption is estimated at about 1.1 million metric tons per annum out of which 60% is consumed by urban population.

Therefore, the initiatives to promote value addition along the cotton value chain including the use of cotton biomass to promote the production of charcoal briquettes are timely and welcome as these would help countries like Zambia address several economic development challenges, which include the rapid forestry degradation.

I thank you