



WORLD COTTON DAY
JOURNÉE MONDIALE DU COTON
DÍA MUNDIAL DEL ALGODÓN

WTO Launch – Lancement à l'OMC – Lanzamiento en la OMC

WORLD COTTON DAY

Launch Event
7 October 2019

Why Cotton Matters to Us

World Trade Organization
Geneva, Switzerland

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INTRODUCTION

The launch event for **World Cotton Day** on 7 October 2019 presents a unique opportunity to celebrate cotton, a global commodity produced, traded, and consumed worldwide.

This launch event is in support of the request submitted by Benin, Burkina Faso, Chad and Mali for a United Nations resolution to proclaim 7 October as World Cotton Day. These four countries, also known as the Cotton-4, are the co-sponsors of the Cotton Sectorial Initiative aimed at improving the cotton trading system.

To mark this special occasion, this short publication compiles statements and testimonials focusing on one question: “why cotton matters to us”.

First, the partner organizations supporting this launch event - the World Trade Organization (WTO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC) and the International Cotton Advisory Committee (ICAC) – will explain their respective roles, mandates and objectives concerning cotton and related industries.

Thereafter, stakeholders from different countries and sectors along the cotton and cotton by-products supply chains, including production, trade and transformation industries will also offer testimonials on why cotton matters to them. These stakeholders include cotton farmers, national cotton associations, other relevant international organizations, as well as executives of industries, international brands and global retailers.

We hope you will enjoy reading this joint brochure and learn more about the work being carried out on cotton by different organizations worldwide, as well as on its relevance to the lives of so many people.

2.1 World Trade Organization (WTO)

Why cotton matters to the WTO

Cotton is part of our lives, from the clothes we wear to the food we eat. But this remarkable plant is more than a source of textile fibres, animal feed and edible oil. Cotton is a truly global commodity. It is produced in 75 countries, including many least-developed countries (LDCs) where cotton production and processing are important contributors to economic stability and job creation.

International trade is vital for cotton producers: selling to distant consumers allows them to earn higher incomes, invest more in their businesses, hire more workers, and spur growth in the wider economy. Yet for many farmers, particularly in LDCs, the ability to secure higher prices through trade is constrained by market access restrictions elsewhere along with subsidies that give a leg up to competitors in other countries. Such distortions often accompany supply-side challenges at home that prevent them from making the most of international market opportunities.

At the WTO, four members - Benin, Burkina Faso, Mali and Chad (also known as the Cotton-4) - launched a sectorial initiative to create a more level playing field for trade in cotton and shed light on the linkages between trade, cotton and development.

Their efforts have paid dividends: cotton has become a key pillar of WTO members' commitment to delivering development-oriented negotiations and outcomes. At our Ministerial Conference in Nairobi in 2015, members agreed to eliminate export subsidies for cotton and other agricultural products. Eliminating this highly trade-distorting form of support - the most important reform of international farm trade rules since the WTO was founded in 1995 - will help cotton producers in LDCs and other developing economies compete on more equal footing.

There is still room to further reduce trade barriers and subsidies in the sector, as well as to help cotton producers, especially in LDCs, to fully integrate into international trade.

The World Cotton Day is a vital contribution to those efforts. The WTO is proud to support the Cotton-4 in this initiative, including by hosting the launch at our headquarters on 7 October 2019.

I hope that World Cotton Day will serve as a platform to bring the cotton trade and development communities together, and inspire further steps to benefit cotton producers and cotton trade around the globe.

We are moving in the right direction - so let's keep pushing forward.



Roberto Azevêdo WTO Director-General

2.2 Food and Agriculture Organization of the United Nations (FAO)

Why cotton matters to FAO

The Food and Agriculture Organization of the United Nations (FAO) spearheads global efforts to defeat hunger and malnutrition. Its primary goal is to achieve food security and nutrition for all and make sure that people have regular access to nutritious food to lead an active and healthy life. FAO also leads an integrated approach to sustainability across all agricultural sectors, taking into account social, economic and environmental considerations, while serving 194 Members and working in over 130 countries worldwide.

Cotton is an important sector for FAO for a number of reasons. This sector has been a major economic component and driver of economic growth and development in many countries worldwide, notably the least-developed countries. The global cotton industry includes more than 100 million family farmers across 75 countries and generates over USD 50 billion annually in raw product. Cotton is a critical means of livelihood for millions of smallholders and their families, by providing employment and income. It represents a good source of export revenues for some of the poorest countries in the world, helping them to pay for their food import bills.

The production and trade of cotton contribute to reducing extreme poverty (SDG 1) and achieving the Zero Hunger Goal (SDG 2). The sector can also contribute to SDG 5, by empowering women who are largely involved in the picking and processing of cotton and the marketing of its products, and to SDG 8, by promoting inclusive and sustainable economic growth and employment and decent work. However, cotton faces a number of uncertainties on both the production and demand sides that need to be properly addressed if the sector is to realize its full potential in terms of contributing to economic growth and development.

The importance of cotton and the need to enhance its sustainability underlines the sector's related activities of FAO. These include agronomic practices, and associated policies, programmes and investment plans, that ensure sustainable production through the management of natural resources, pests and diseases and by reducing agrochemical risks to farmers' health and the environment. FAO also reviews global issues that affect cotton trade and provides market and policy relevant information on the sector. In addition, FAO, in collaboration with the Organization for Economic Co-operation and Development (OECD), produces a medium-term outlook for the world cotton market on a yearly basis. These projections serve as a benchmark for policy makers, national planning agencies, regional and international organizations and other stakeholders to evaluate policies, strategies and investment needs for the cotton sector at national, regional and global level.

The Word Cotton Day will constitute a unique opportunity to raise awareness about the importance of this sector in realizing our common objectives of eradicating poverty and freeing the world from the scourge of hunger, as well as the challenges faced especially by the vulnerable countries. It will also help to direct global efforts towards fostering the further development of the sector and its contribution to the 2030 Agenda.

FAO is glad to be part of this important initiative and to support countries in their efforts



QU Dongyu FAO Director-General

2.3 United Nations Conference on Trade and Development (UNCTAD)

Why cotton matters to UNCTAD

Cotton is a cash crop with enormous potential to contribute to poverty reduction and economic development.

Small farmers value cotton as a drought-resistant crop with a ready market, providing reliable cash income to pay for school fees, medical services and other important expenditures. The cotton value chain is long, with multiple processing steps, leading to investment, job creation and industrial upgrading. Advances in cotton producing technologies offer opportunities to reduce waste and increase value added. At the end of the chain, consumers around the world continue to demand cotton products, creating lucrative trading opportunities.

With two thirds of developing countries dependent on exports of commodities, a core part of UNCTAD's work involves building countries' capacity to move up the value chain and diversify their exports. Cotton's many industrial applications make it an ideal foundation for upgrading and diversification strategies that allow producing countries to benefit more from trade.

More can be done to realise the development potential of cotton, especially in Africa. Farmers require assistance to improve yields and meet standards. Policies must attract investments in value-added industries. And trade negotiations must foster regional integration and provide equitable trading opportunities for producing countries, big and small.

Through its technical cooperation work, UNCTAD has assisted cotton-producing countries, mainly in Africa, in overcoming these intertwined domestic and international challenges.

On the basis of this momentum, UNCTAD is pleased to undertake a new joint initiative with the WTO and ITC on cotton by-products. Benefiting from the three "sister" trade organisations' complementary mandates and expertise on cotton, the joint initiative is well positioned to assist African cotton-producing countries in adding more value to their cotton.

UNCTAD is a proud founding partner of the launch of World Cotton Day at the WTO on 7 October. We look forward to celebrating cotton's contributions to people's lives and its continued role in advancing sustainable, equitable development.



Mukhisa Kituyi UNCTAD Secretary-General

2.4 International Trade Centre (ITC)

Why cotton matters to ITC

The cotton sector provides income for millions of people in Africa, especially those living in rural areas, including for women, and is an important source of foreign exchange earnings. The efforts of the International Trade Centre (ITC) in supporting the cotton sector in Africa are geared towards strengthening the export potential of the industry and bringing greater value addition through cotton-to-clothing value chain integration. Working at different levels of the cotton industry, ITC's focus is supporting the introduction and improvement of value addition processes.

ITC's strong focus on the cotton sector, specifically its work with the C4 members (Benin, Burkina Faso, Mali and Chad), makes it a natural partner of the World Trade Organization (WTO), the United Nations Conference on Trade and Development (UNCTAD), the Food and Agriculture Organization of the United Nations (FAO) and the International Cotton Advisory Committee (ICAC) in celebrating cotton and highlighting the important impact it has on the livelihoods of farmers and workers across the industry's entire value chain.

At farm level, ITC supports farmers to increase earnings from cotton production and improve their resilience against external shocks. ITC does this by improving seed-cotton quality and enhancing the market power of farmers and their associations. This starts with a good understanding of the value chain, value addition and price negotiations. ITC empowers farmers to create value at the source by training farmers to add value to the raw cotton fibre by hand-spinning yarn and hand-weaving fabrics to sell on domestic, regional and international markets. In a new project, together with UNCTAD and WTO, this will extend to include cotton by-products.

In Zambia, the introduction of hand spinning and weaving among farmers supplying seed-cotton to the farmer-owned ginnery increased resilience against weather and price shocks. Farmers now earn year-round income, reducing dependence on income generation only during harvest time. The manufacture and maintenance of looms and working facilities have created further jobs and increased livelihoods for more than 400 Zambian farmers.

In West Africa, ITC's Ethical Fashion Initiative improves the skillsets and tools of local workshops in hand-weaving fabrics on handlooms in Burkina Faso and Mali. More efficient operation systems have been introduced and market connections facilitated to enable the development and international trade of

'Made in Africa' textiles with fashion and design brands. This has raised the income and visibility of these communities.

At enterprise level, ITC supports established African cotton companies and ginners to improve lint cotton quality and promote African cotton in Asian cotton-consuming countries. ITC's facilitation of market linkages has led to direct sales of approximately 30,000 tonnes of cotton lint worth more than \$34 million.

A key part of our interventions is to facilitate South-South cooperation along the entire cotton-to-clothing value chain. Valuable expertise exists in many developing countries that produce and transform cotton. For example, through our Supporting Indian Trade and Investment for Africa (SITA) programme, we facilitate the transfer of trade, investment and knowledge from India to selected African countries. With our Global Textiles and Clothing (T&C) programme, we increase the sector's competitiveness in selected countries by working directly with enterprises and enhancing institutional support to the sector.

Finally, ITC has developed national cotton-to-clothing strategies for Ethiopia, Kenya, Tanzania, Uganda, and Zimbabwe. ITC complemented this work by developing regional cotton-to-clothing strategies for the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of Central Africa States (ECCAS) and West African Monetary and Economic Union (UEMOA). These strategies operationalize the vision at country and regional level to add value to African cotton and develop an export-oriented textiles and clothing sector.



Aranha González ITC Executive Director

2.5 International Cotton Advisory Committee (ICAC)

Why cotton matters to ICAC

Although cotton was the primary reason for forming the International Cotton Advisory Committee (ICAC) in 1939, we do more than produce statistics about cotton. Hundreds of millions of people around the world earn their livelihood from cotton, directly or indirectly, so ensuring cotton has a future is critical to their survival.

Our vision is to ensure 'Prosperity through a sustainable cotton industry'. We achieve this through four main pillars that ensure that we remain focussed on our vision but also still promote a healthy global cotton economy:

RESEARCH Cotton production and processing are the backbone of the industry and research is the key to ensuring we produce the highest-quality fibre with the smallest environmental impact. Those countries with a good cotton research base have the best yields so it is not surprising that the ICAC is emphasising research in least-developed countries. There are a considerable number of challenges to growing cotton. With climate change, there is a pressing need for research to develop new cultivars that are climate-resilient and resistant to pests, diseases, drought and extreme temperatures; for solutions to the rapidly degrading health of the world's soil; and research for higher yields. Good research must inform government decisions on what type of cotton to grow and how to grow it, and how to protect small-scale farmers from being exploited by private-sector businesses.

PROJECTS Advances in production and processing technologies, as well as new and innovative ways to train farmers, will be critical to meeting cotton's most pressing challenges, including the expected rise in global population (9.8 billion people by 2050). ICAC has already begun work on several major projects that will greatly enhance cotton production, including immersive learning through a Virtual Reality training program that will allow – without ever leaving the classroom – farmers and researchers to:

- A - Actually 'visit' cotton fields of different countries around the world,
- B - Walk through different stages of the crop in a short time,
- C - View best crop-production practices,
- D - Study insect pests, beneficial insects, diseases, nutrient deficiencies, and
- E - Understand eco-friendly pest management techniques.

In addition, the ICAC has developed a voice-based interactive diagnostic tool for farmers – a Soil and Plant Health app that will enable all farmers, especially illiterate ones, to diagnose biotic and abiotic problems in their cotton crop and recommend sustainable solutions.

DATA The ICAC is, and should always be, the first port of call for unbiased information about all things cotton, and that is reflected in the excellence of the many publications that the ICAC Secretariat produces. Our extensive library of publications offers statistics and in-depth analysis of the entire cotton and textile value chains as well as insights about cotton. These statistics and research form the basis of the advice that the ICAC gives to its member governments on cotton-related issues.

POLICY As the only intergovernmental commodity body covering cotton, one of the ICAC's primary purposes is to help governments formulate national and international policy for the cotton and textile industries. The greatest example is the annual ICAC Plenary Meeting, where senior government officials, national and international organisations, and private sector businesses collaborate to debate cotton issues, share best practices, and inform on new innovations and research to facilitate cotton's growth and sustainable future.

The launch of World Cotton Day at World Trade Organisation headquarters in Geneva is a momentous occasion for our industry. The ICAC is proud to be a founding partner of World Cotton Day and will work tirelessly to ensure that cotton has a bright, vibrant, sustainable future for generations to come.



Kai Hughes ICAC Executive Director

2.6 Cotton-4

Why is cotton important for the C-4 countries

Cotton, an emblematic issue of the Doha Round of multilateral trade negotiations, holds a significant place in the economic and trade activities of the countries that are co-sponsors of the Sectoral Initiative in favour of Cotton (C 4).

In fact, cotton represents between 8% and 12% of the gross domestic product (GDP), 40% of the total export revenue and 70% of the agricultural export revenue of the C 4 countries.

Cotton is a strategic sector that enables the development of value chains, from agricultural research on seeds to its processing into textile products and other cotton by products, such as: cooking oils, cotton cakes, various handicrafts, biomass, slabs, medicinal oils, cosmetics and insulating materials, among others.

Similarly, the services sectors and sub sectors, such as: transport, engineering, energy, training, financial services (bank loans, insurance), and others are developed along the cotton processing and exporting production chain.

Moreover, it should be stressed that several millions of people in the C 4 countries rely on the revenue derived from cotton production to meet their basic needs: sending their children to school, procuring healthcare, putting food on the table for their families, and improving the housing conditions of cotton producing communities.

It is often said: **"If cotton is fine, everything is fine in the C-4 countries"**.

Cotton is produced by 36 African countries and has been a topic of negotiations at the WTO for 15 years. It is presented, and rightly so, as an illustration of delivering on the objective of open, fair and rules-based international trade.

It is against this backdrop that the co-sponsors of the Sectoral Initiative in favour of Cotton (Benin, Burkina Faso, Chad and Mali) made a request to the WTO in April 2003 for a substantial reduction and the eventual elimination of domestic support and subsidies, and any other measures with equivalent effect (export credit, export credit guarantees, insurance schemes for State enterprises) that create cotton production and export distortions on the international market.

This request also covers the so called development aspect of cotton, aimed at building cotton production and export capacity.



TESTIMONIALS

3.1 African Cotton Association

Cotton in Africa is a very important crop in the following ways: It is a lifeline of over 15 million people in Sub-Saharan Africa. Products and by-products from cotton lint, linters, seeds and stalks create growth, incomes and jobs in many sectors of the economy and contribute to food self-sufficiency; It is a major forex earner and generates between 5 and 50% of GDP of African cotton producing Countries. Rising production costs in major textile manufacturers paves the way for Africa to be the next textile destination. The continent should rise to the occasion.

Marco Charles Mtunga President, African Cotton Association
Director General, Tanzania Cotton Board



3.2 International Cotton Association (ICA)

Cotton is a sustainable natural fibre which makes a positive and significant human impact worldwide. The International Cotton Association (ICA) is proud to help celebrate the first World Cotton Day and to play a part in the safe trading of this unique agricultural product which is critical to so much of what we touch and use every day of our lives. The global cotton community is spread across the world, and it is only right that we celebrate this with World Cotton Day. We foresee a long and bright future for world cotton.

Bill Ballenden ICA President



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3.3 C&A

Cotton is the most important natural fibre in the C&A product portfolio, making up over 60% of the fabric used for our collections worldwide. This is why we focus on sourcing all of our cotton more sustainably by 2020. In cotton agriculture it is important that we create cross-industry collaboration to enable the reduction of environmental impacts, protect biodiversity and to support the livelihoods of farmers by sourcing certified organic cotton, Better Cotton and recycled cotton while supporting initiatives such as the Organic Cotton Accelerator.

Jeffrey Hogue
Chief Sustainability Officer, C&A Global



3.4 Esquel Group

Esquel Group, a vertically-integrated textile and apparel manufacturer from cotton to fabric to shirts, is honoured to participate in the inaugural of World Cotton Day Celebration in Geneva. Cotton is not only a great natural fibre in the making of quality textile material and apparel, but is also an important generator of employment and income in many countries. Growing of cotton requires a lot of water and often leads to land depletion due to the blatant use of chemical fertilizers and pesticides. We must join forces to develop and implement sustainable practices across the whole supply chain to alleviate the environmental and social costs, as more and more apparel brands are pledging to use 100% sustainable cotton by 2025."

John Cheh CEO of the Esquel Group



TESTIMONIALS

3.5 Wakefield Inspection Services

Wakefield Inspection Services, the leading independent raw cotton weighing, sampling and quality testing company in the world, is delighted to be able to participate and support the first World Cotton Day at the celebrations in Geneva, October 2019. A company who can trace our roots back to 1906, cotton is our blood as we have built our name on integrity and trust. In the modern day, supply lines become more complex, thus we all need to ensure integrity and trust in the systems we all utilise to manage tractability and sustainability. To us, cotton is more than just a fibre, a fabric, it is an essence of our everyday lives, something as a global community we all need to protect and cherish, and at the same time improve via innovation.



Peter Wakefield Managing Director Wakefield Inspection Services

3.6 Indian Cotton Grower

In 1970, when I started cotton cultivation in Vidarbha region, which is completely rainfed, cotton was indeed considered 'white-gold' and the market price of 100Kg seed-cotton was equivalent to 12g gold. I am informed that one bale of cotton provides employment to 30 people, whereas man-made synthetic fibres employ only 9 persons. India is the only country where cotton's share of fibre consumption is twice as high as synthetic fibres. This is because Indians prefer cotton clothes for their high skin-comfort in both summer and winter. Interestingly, though synthetic fabrics are cheaper, even the poor in India prefer cotton. Cotton is probably the most energy efficient crop that uses sunlight to produce invaluable natural fibres, edible oil, animal feed and valuable crop residues. The crop residues and animal manure enrich soil organic carbon content, soil structure, texture, health and water retention capacity to render the crop more sustainable. The best part is that the cotton fabrics are recyclable to produce paper and or many other value-added goods so that deforestation can be curtailed. I earnestly hope that the World Cotton Day celebration in Geneva brings cheer and hope for the cotton farmers in India and other parts of the world.



Vijay Nandkishore Jawandhia Cotton Grower, Maharashtra, India

TESTIMONIALS

3.7 China Cotton Association (CCA)

Since Reform & Open up and entering the WTO, China has opened its domestic market and embraced the outside world. China cotton industry has witnessed and participated at the economic miracle of China, and which gradually has been recognized as a large country of cotton production, import and textile. In future, Reform and Open up will remain the theme of China's economy, and China will continue to provide the world with high quality cotton products, by developing high quality, high efficiency, sustainable and environmentally friendly cotton industry.



Gao Fang Executive Vice-President China Cotton Association

3.8 Brazilian Cotton Growers Association (ABRAPA)

World Cotton Day is a well-deserved celebration to the fibre that accompanies humanity since the beginning of our common history. The date is also important so we can better reflect upon our actions today to ensure a better common future. When we choose cotton over other fibres, we are committed to a more sustainable and dignifying textile raw material. In Brazil, we cotton growers, are committed to cultivate cotton with quality, scale and regularity on the supply side, taking always into account the right means: socially, environmentally and economically. We are also ready to assist and ensure that the current and future generations benefit from our choices today, so they can always enjoy cotton fibre. We support this opinion fiercely and enthusiastically. Happy World Cotton Day!



Milton Garbugio President ABRAPA

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3.9 Cotton Australia

Cotton is one of Australia's agricultural success stories that has led to the efficient, responsible and modern industry we have today. Australian cotton growers produce some of the highest quality, highest yielding upland cotton in the world, and are supported by leading scientists and researchers. World Cotton Day is an opportunity for communities across the globe to recognise our industry's efficient and effective farm management practices; acknowledge our achievements in sustainability; and congratulate the industry for the work it does in keeping cotton at the cutting edge of agriculture.



Adam Kay **CEO of Cotton Australia**

3.10 Australian Cotton Grower

Our family has been growing cotton in Australia for 35 years. We grow it, wear it and love it! Our three sons also work in the cotton industry and we are all dedicated to the land. Australian cotton growers are some of the most advanced in the world, using fewer natural resources than ever before to produce a crop that is second to none. World Cotton Day means so much to our family and employees, the rural community we are part of and those right across the supply chain.



Sally Quigley, Cotton Grower **Trangie, New South Wales - Australia**

TESTIMONIALS

3.11 French Cotton Association

Whether developed or developing, many countries on all five continents grow cotton. Cotton is therefore a universal crop that allows hundreds of millions of people to make a living from it. Beyond this aspect, cotton is The Great Natural Fiber. However, despite its formidable characteristics and the comfort it provides to those who wear it, cotton is often attacked, often unjustifiably. Judged by some as not very ecological, competing with synthetic fibers, it is up to us to contribute to its promotion and development. In this sense, World Cotton Day is a great initiative to which the AFCOT gives its full support.



Curt Arbenz President AFCOT

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