

ACP/67/028/04

Cotonou, 22 March 2004

WORKING GROUP ON COTTON
1ST MEETING OF ACP STAKEHOLDERS IN COTTON SECTOR
COTONOU, 21- 22 MARCH 2004

CONCLUSIONS

1. Within the framework of implementing ACP Council Decision No.8/LXXVIII/03, on Strengthening the Cotton Sector in ACP countries, and in pursuance of its schedule of activities, the ACP Working group on cotton organised the 1st meeting of ACP stakeholders in the cotton sector in Cotonou, on 21/ 22 March 2004.
2. The meeting was attended by ACP representatives based in Brussels and Geneva, as well as central government representatives, representatives of economic operators in the sector, producers' and regional integration organisations ; others are regional development banks, international organisations and CTA. ACP Secretariat was also represented.
3. The meeting looked at the state of the cotton sector, taking account of the concerns of different players in the sector. The meeting also examined how the Group could respond to the expressed concerns.
4. The meeting also examined the Communication from the Commission to the European Council and Parliament , issued on 12 February 2004, on the *Proposal for EU-Africa Partnership in support of developing the cotton sector*.
5. The meeting identified the following main needs in the sector :
 - (i) Offer compensation to states for losses in revenue, due to cotton price instability and distortions created by subsidies granted by some developed countries to their producers;
 - (ii) guarantee to producers, adequate cotton price capable of reducing poverty;
 - (iii) stabilise cotton producers incomes and States revenues from cotton export;
 - (iv) maintain and improve cotton production in ACP countries, vis-à-vis to their competitive advantage and the structure of the economies of these countries;
 - (v) make policies intended for the training and support of producers more efficient especially by adopting a participatory approach;
 - (vi) formulate research and development programmes aimed at improving productivity and the competitiveness of African cotton at the national and regional levels;
 - (vii) identify options for local processing of cotton at the level of industry without cost to producers;

- (viii) encourage the use of processing plants by artisans;
- (ix) ensure the competitiveness of the processed product resulting from cotton processing, and its access, without inhibitions, to the world market ;
- (x) promote and strengthen the capacities of all actors at all level of the industry;
- (xi) put in place necessary infrastructures for the operations of producers and processing plants;
- (xii) accelerate the creation or the development of regional markets, for processed cotton products; and
- (xiii) involve representatives of cotton producers in discussion affecting the evolution of the industry.

6. In view of the needs above, the meeting makes the following recommendations:

- (i) efforts to defend the sectoral initiative in favour of cotton in order to secure special consideration for the cotton, entirely without the framework of agricultural negotiations, ought to continue;
- (ii) to this end, pressure ought to be maintained at the level of WTO within the context of calling for phasing out exports subsidies on cotton and substantial reduction in internal support for cotton with a view to its total elimination;
- (iii) the initiative on cotton has to be supported by development considerations. This window of developmental opportunity should be discussed with a view to establishing a development fund for the support of pertinent programmes identified by the countries, regional organisations and producer organisations;
- (iv) the development fund to be established should be entirely different from existing donor support fund; it should be adequately resourced and easily accessible;
- (v) envisaged financial support mechanisms should take into account compensation for losses incurred by producers and States, support for research and seed production, strengthening of capacity,

infrastructures development, support for producers and their support structures;

- (vi) the issue of debt reduction –specifically the proportion linked to the crisis in the sector as its affects the countries involved- should be seen as support mechanism to cotton producing and exporting counties;
- (vii) ACP countries should ensure framework to guarantee the success of local processing initiatives. To this end, the meeting stressed the need to take into account all the constraints linked, especially, to factors of production in mapping out strategies to locally add value to cotton from ACP countries;
- (viii) finally, adequate financial support ought to be mobilised for supplementary studies prior to the implementation of any strategy aimed at diversification and industrialisation.

7. The meeting, having examined the “Proposal for An EU-Africa partnership in support of cotton sector development”, agreed with the counter-proposals made by the Working Group on Cotton to those tabled by the EU, and recommends as follows:

- (i) note should be taken as regards proposals made by the four co-authors at the meeting held on 23/24 February 2004 in Ouagadougou;
- (ii) a capping of support provided within the green box;
- (iii) non-reclassification of the supports provided within the amber and blue boxes into the green one.

8. Taking advantage of the “WTO African Regional Workshop on cotton”, organised in Cotonou on 23/24 March 2004, the meeting charged officials who were also to attend the WTO workshop, to state and defend the decisions of the ACP stakeholders meeting.