

Speaking points

Date : 2 September 2024

Kris Terauds, UNCTAD Commodities Branch

Meeting:	ICAC 82nd Plenary Meeting 29 September – 3 October 2024 International Hotel Tashkent, Uzbekistan
Session:	Third Open Session Reports from International Organisations on cotton initiatives
Date:	1 October 2024
Time:	12h30 – 14h30

- (open)
- My name is Kris Terauds and I am an economist with the Commodities Branch at UN Trade and Development, or UNCTAD.
- I am pleased to report on UNCTAD's recent cotton initiatives.
- UNCTAD is the focal point in the UN system for the international commodities bodies, including the ICAC and the Common Fund for Commodities.
- In the Commodities Branch, we support developing countries in adding value to their commodities, diversifying their economies and strengthening value chains for export.¹
- Through our work, we assist countries in reducing their dependence on the export of primary commodities and in transforming their economies, for example by:
 - Providing policy advice to support the development of industries to add more value to their commodities; and
 - Leveraging revenues and productive capacities from the commodity sector to diversify into other sectors.
- Cotton is a major focus of our work on agricultural raw materials for several reasons, including:

¹ <https://unctad.org/topic/commodities>

- Its long value chain provides opportunities for domestic value addition, job creation and industrial development;
 - Where cotton is produced on small farms, it is an important lever for poverty reduction and rural development;
 - Like other natural fibres, cotton provides a more sustainable alternative to synthetic fibres;
 - Cotton is also easily recognisable by consumers on labels and in end products, a key advantage in implementing standards in the supply chain; and
 - Lastly, cotton also has a relatively robust institutional architecture, for example through the ICAC and its membership, through the dedicated discussions on cotton at the WTO and through the many excellent national cotton-oriented research bodies – which, working together, enable international cooperation on resolving development challenges in the cotton value chain.
- In this context, I will report UNCTAD’s cotton initiatives according to what we call our three pillars of work: technical cooperation, consensus-building (or policy dialogue) and research and analysis.
 - First, our recent technical cooperation work has focussed on cotton by-products, with their potential:
 - To provide an additional source of value addition and income in the sector, especially for farmers, and
 - To reduce waste and improve circularity in the chain.
 - From 2016-20, UNCTAD implemented a successful capacity-building project, funded by the UN Development Account, on developing value-added industries for cotton by-products in four countries in Africa: the United Republic of Tanzania, Uganda, Zambia and Zimbabwe.²
 - Among the project’s beneficiaries, several entrepreneurs used the knowledge and capacities obtained to launch new businesses, including a new absorbent cotton plant in Zambia.

² <https://unctad.org/project/promoting-cotton-products-eastern-and-southern-africa>

- From this work, and responding to member state requests, UNCTAD formed a joint initiative on cotton by-products with our colleagues from the WTO and ITC, to capitalize on the three agencies' complementary competencies.³
- Through this joint initiative, the three agencies cooperated on feasibility studies, funded by the Enhanced Integrated Framework, for cotton by-product industries in a further seven cotton-producing countries in Africa:
 - Starting with the C-4 countries and Mozambique,⁴
 - Followed by Malawi⁵ and Togo⁶
- Links to all of the studies and outputs for these projects are available on the UN Trade and Development website.
- UNCTAD continues to seek new project funding to carry forward the initiatives begun under these projects and studies.
- Some of these are related specifically to the context in Africa and they include:
 - At the technical level, studying different models to minimise the delivered cost of raw materials – the most important consideration in any cotton by-products industry;
 - Also the need to expand training programmes for technicians and engineers for cotton processing technologies – often in short supply in African countries;
 - At the policy level, there remains a need for integrated policy treatment of the cotton value chain, from production to value addition – in many countries, legislation and regulators' mandates are limited to cotton production and the export of cotton lint, which may complicate their efforts to develop domestic value addition;
 - Lastly, in many countries, there is need for improved contract farming frameworks, to build trust between farmers and buyers and provide real incentives to win-win outcomes, such as:
 - Increased production and yields;

³ https://www.wto.org/english/tratop_e/agric_e/cbps_e.htm

⁴ Ibid

⁵ <https://unctad.org/publication/feasibility-study-development-cotton-products-malawi>

⁶ <https://unctad.org/fr/isar/publication/feasibility-study-development-cotton-products-togo>

- Improved quality and standards compliance; and
 - Reduced default rates and side selling.
- Turning to policy dialogue, UNCTAD uses its convening role to explore how to strengthen natural fiber value chains, foster value addition and enhance their developmental impact. For example:
 - In two weeks' time, at our intergovernmental expert meeting on commodities and development, held in Geneva from 14-16 October, we will hear from cotton experts from Uganda.⁷
 - At our biannual Global Commodities Forum, a public conference and our biggest platform, we routinely include sessions and presentations on cotton topics.
 - For the upcoming Forum, which we will hold at the Palais des Nations in Geneva on 9-10 December, we will dedicate a half-day session to discuss the prospects for natural fibres, cotton chief among them, in the climate action agenda.⁸
 - In the session, speakers and panellists will example questions such as:
 - What is the trade potential of the main natural fibres in the context of the climate emergency?
 - How can natural fibres generate additional revenues for farmers while responding to increasing demands for climate-friendly agricultural practices and standards? AND
 - How can producers of natural fibres, particularly smallholders, gain access to modern technologies necessary to sustainably increased yields and production?
 - Finally, UNCTAD participates in the biannual meetings in Geneva of the WTO's dedicated discussions on cotton, where we coordinate our activities with member states and other international organisations.

⁷ <https://unctad.org/meeting/multi-year-expert-meeting-commodities-and-development-fifteenth-session>

⁸ <https://unctad.org/meeting/session-2-promoting-natural-fibers-climate-action-agenda>

- Lastly, UNCTAD's recent research work on cotton is aligned with our work on cotton by-products, with articles and publications on topics such as: the economic feasibility of processing cotton stalks into biomass fuel.⁹
- In conclusion, through our recent and ongoing activities, UNCTAD's Commodities Branch aims to help countries and small producers realise the enormous potential that cotton represents for income generation, poverty reduction, industrial development and trade.
- This concludes my report.
- Thank you for your attention and I am available over the next days to discuss to answer your questions.

⁹ https://www.icac.org/Content/PublicationsPdf%20Files/748b8b1c_2d43_4ece_be95_c507aa07be33/e-cotton-recorder2_2019.pdf.pdf