

# **Briefing on Partners Conference on Cotton Development**

## **Assistance for C4 Countries**

**October 7<sup>th</sup> 14:30-17:30 Room W**

First, China would like to express our appreciation to the joint effort made by the WTO Secretariat, UNCTAD, ITC and C4 for the partners conference.

This morning, our Ambassador made a statement about our cooperation with Africa in the area of cotton and outlined our plan for future. In response to the agenda requirements as well as the project proposal outlines for review, which are of much interest to China, I would like to make a brief introduction regarding our cooperation with Africa, our investment on cotton industry development in the Africa region, our cotton trade as well as future cooperation priorities and recommendations, I hope it will be supportive to our discussions on future joint cooperation initiatives.

**1. China's cotton assistance programs to Africa: China has always prioritized South-South cooperation as key areas of development assistance** and achieved substantial results. Last September, China and Africa together launched "China-Africa Agricultural Modernization Plan and development initiative. Up to now, China has developed diversified cooperation with African partners, including development of Agricultural technology demonstration centers, technology experimental stations, farm irrigation projects, Agro-products processing, and provided machines and equipment for agricultural development, remarkably enhanced the local agricultural production capacity and improve quality of life and livelihood for

subsistence farmers.

**Cotton industry development cooperation is vital part South-South cooperation.** With China's assistance, Chad agricultural demonstration, Benin and Mali cotton mills projects are in full operation. China has provided quality cotton seeds, farm machinery, fertilizers and pesticides to help local cotton industry development. During 2017-2019, China organized 9 training workshops on cotton cultivation, processing and trade, with over 170 participants from Africa, more than 50 participants from C4 countries. On March 18, 2019, we organized a special cotton development workshop in China for BURKINA FASO for joint South-South cooperation projects on cotton.

2. **China investments in cotton industry in Africa:** China attaches great importance to Africa development, and strongly encourages Chinese agribusiness firms to make investment in Africa. Currently, Chinese agribusiness firms invested heavily in cotton industry in **Tanzania, Zambia and Malawi, Sudan, Ethiopia and Nigeria.**
3. **With the expansion of collaboration network of belt and road initiative,** increasing number of Chinese firms are willing to invest in cotton industry in **Madagascar, Mali, The Republic of Guinea, The Republic of Togo.** In **Tanzania (Shinyanga Place),** up to 2019, Jiangsu Overseas Business Development Group has invested **66.25 million US\$** for developing an Agricultural industry Park for cotton production, processing, **Cotton mills and Garment, formulated a cotton centered industry value chain,** established cotton seed oil processing, packaging material development, technical training, and machinery maintenance as well as flow of goods and services, it became a largest industrial park in the country. **Another Chinese firm, Zhonghai Textile,** became operational in 2014 **in Tanzania,** with 200 local employees and annual production capacity of **10, 000 tons** of

textile products, generating revenue of over **15millionUS\$** annually and promoted local economic development.

**Another example of investment of cotton industry** is in Zambia by Qingdao Ruichang Cotton Corporation Ltd. **It invested over 37.28million US\$** on area of **1 million square meters industrial park** for cotton varieties improvement and multiplication, products and by products processing, now has attracted five agribusiness firm into the industrial park, the Qingdao Ruichang Cotton Corporation Ltd, in cooperation with Sino-African Development Fund established a Sino-African Cotton Industrial Corporation Ltd, with investment over 80 million US\$, the business portfolio covers cotton breeding, cultivation, processing, edible oil and cotton spinning mills. This Corporation has established 7 cotton spinning mills, 3 seed multiplication bases and 2 cotton seed oil processing plants in Malawi, Zambia, Mozambique, Zimbabwe etc., to produce high quality seed over 6000tons, unginned cotton 100,000 tons, producing cotton seed oil over 6000tons, benefiting more than 200,000 farmers in those countries.

In Malawi 2018, the Sino-African Cotton Corporation Ltd in cooperation with Tianjin Investment Corporation, build a cotton spinning mills in the cotton growing region with investment over 40 million US\$, this project will promote export value of 30 million US\$ cotton products.

#### **4. China and African trade on Cotton and future development**

**cooperation recommendations:** C4 is one of the sources of import for Chinese cotton industry, from 2007 to 2017; China average imports over 128 thousand tons annually, accounting 5.1% of our total import. The key barriers are quality requirement of spinning mills and the subsidies of developed members for their cotton production, limiting the opportunities for the C4 to export their cotton products.

**Looking into the future**, we firmly believe that there is great potential and bright future for cotton cooperation as indicated in the Declaration adopted by the Forum on China-Africa Cooperation held in Beijing last September: China will strongly support all round cooperation with Africa on cotton, from industrial planning, production and processing and marketing to enhance the value chain and global market share of African countries.

**Key future collaborative initiatives and recommendations include the following:** **1)** Consolidate cotton research cooperation to improve the quality of cotton among China and C4 through bilateral joint projects on cotton production and utilization of cotton by products. We will encourage Chinese research institutions and business firms to transfer technology to local users, and support the project proposal by sending our experts, developing matching projects in China to achieve the objectives listed in our agenda today, our technical team will review and look for all possibilities of support including public and private sector ; **2)** Encourage investment in Africa, improving its processing capacity and value chain and competitiveness. Most of the agribusiness operating Africa is private in nature. We will continue to explore business sector to further support Africa collaboration in cotton; **3)** promote China,C4, WTO, FAO and even other countries for multi-angle South-South Cooperation on key cotton areas and projects particularly the ICT application in improving cotton productivity and byproducts market access. We have discussed with WTO about the project concept and WTO will submit the proposals soon this month. We are confident that through these and other bilateral projects, it can really produce impact in technology transfer and industry cooperation in cotton areas.

Thank you very much Chair.