

CONCEPT NOTE

INFORMATION SESSION ON COVID-19 AND COTTON

"FROM FACTS TO SOLUTIONS"

30 JULY 2020 AFTERNOON (FOLLOWING THE DEDICATED DISCUSSION ON COTTON)

The COVID-19 pandemic has given rise to one of the most devastating economic crises of our lifetime. While cotton markets were already adversely affected by policy-driven distortions and by competition from synthetic fibres, the complex cotton-to-textile value chain has been, like other sectors, severely harmed by the COVID-19 outbreak and its social and economic consequences.

The International Cotton Advisory Committee (ICAC) notes for example that *"...jobs and businesses are disappearing and with over 250 million workers employed in [the cotton] industry — most of them poor — and ... the 28 million small-holder cotton farmers — 24 million in Asia and 4 million in Africa — whose livelihood primarily depends on cotton, [the COVID-19 crisis] is devastating and will in many cases lead to destitution, or worse."*¹

This is notably the case in the Cotton-4 (C-4) countries (Benin, Burkina Faso, Chad and Mali). The revenue derived from the commodity accounts for 8-to-12% of their GDPs, and cotton trade contributes up to 40% of their export revenues. Moreover, the sector employs up to 33% of the national work force.

Recent projections by ICAC confirm that global demand of cotton is expected to decrease from a 2018/2019 level of 25.85 million tonnes to 22.5 million tonnes in 2019/2020, largely due to COVID-19, with high ending stocks. This and other factors affecting farm and value chain operations have dragged prices down.

The C-4 have reported that, on average, 70% of the fibre they produced in 2020 is blocked in factories, transit hubs or ports, and exposed to weather conditions affecting the quality of the fibre. Sanitary measures taken to mitigate exposure to the pandemic have also impacted farming, processing and domestic logistics.

Various emergency measures put in place to address the consequences of the COVID-19 outbreak have been reported, including measures to protect cotton farmers and processors on the ground, measures to facilitate trade, as well as emergency support programmes for cotton farmers and processors. In the most vulnerable countries, the ability to provide financial support to the most affected sectors was restrained by the additional budgetary and financial limitations resulting from the COVID-19 crisis.

Beyond these immediate measures and their potential effects, a discussion has also been begun on the options available in the long run to overcome the COVID-19 crisis, improve preparedness and responsiveness to face similar future crises and exploit new opportunities for sustainable improvements to problems that pre-existed the crisis.

Such options may include global approaches such as enhanced international cooperation, open, transparent, fair and predictable international markets, and more integrated value chains as well as local solutions such as an increased use of information technology at different stages of the cotton value chain.

Development cooperation initiatives can play an important role by, for instance, contributing to activities that increase the resilience of the cotton sector to international shocks, provide technical cooperation on seed quality, correct cotton grading, and improve agronomic factors. They can also support digitalization of extension services, promote investments, and assist LDCs in their efforts directed towards enhanced local value addition of cotton.

The objective of this information session is to provide Members with an **up-to-date factual overview of the impact of the COVID-19 crisis at global and local levels and the resulting challenges for the cotton sector**. Experts from ICAC and other organizations, cotton producing countries and the private sector will be invited to contribute.

The information session will also provide an opportunity for an **exchange of views on possible solutions to address the short, medium and long-term consequences of this unprecedented situation, especially for the most vulnerable cotton producing countries**.

¹ See: <https://www.icac.org/News/NewsDetails?NewsId=2334&YearId=2020>.