

Statement of the Dutch EU Presidency on behalf of the EU cotton partner countries concerning participation in the EU-Africa Cotton Partnership

1. The EU cotton partner countries would like to express their full commitment to the success of the EU-Africa cotton partnership and would like to reiterate their continued support to strengthening the African cotton sector within African countries wider development and poverty reduction plans.

2. Within the agricultural negotiations of the Doha Development Agenda, the EU cotton partners are committed to finding a solution on cotton, including securing a substantial reduction in trade distorting domestic support, the elimination of all forms of export support and providing free and unfettered market access to cotton and cotton products. This commitment was reconfirmed, when all EU member states adopted the council conclusions of 27 April 2004 regarding the EU-Africa cotton partnership. In addition, a group of EU member countries also supports the cotton sector in Africa in a direct or indirect way. These countries include France, the United Kingdom, Germany, Sweden, Belgium, Denmark and the Netherlands.

3. The EU cotton partner countries recognize the need to ensure that developing countries benefit more from increased trade opportunities and to promote coherence between trade, aid and agricultural policies. A comprehensive and structural strategy at the sectoral, national and regional level is required that builds upon existing and new initiatives from bilateral and multilateral donors and takes place in the context of national development strategies and in particular Poverty Reduction Strategies (PRS). This strategy should aim at increasing competitiveness and productivity while minimizing vulnerability. Competitiveness can be

enhanced through structural reforms of the cotton sector that will allow a leading role for the private sector, while government concentrates on a pro-active facilitating and regulatory role. Other measures include strengthening the cotton producer's organizations, creating partnerships between different actors in the cotton sector and providing critical support such as research into new technologies, improvement of sustainability, the provision of inputs and credit as well as investments in rural infrastructure.

These measures should be accompanied by transitory mechanisms that will limit the vulnerability of the cotton producers to structural weaknesses and market imperfections. They include the provision of basic services to the rural population of the cotton producing countries, diversification of the local economy and safeguarding producers from excessive, external price shocks.

The EU cotton partner countries are already implementing various activities at different levels, that fit in this strategy.

4. At the sectoral or producers level, the support to the African cotton sector encompasses activities such as :

- direct support to farmers associations and cotton producers via NGO's, micro credit programmes or technical support;
- investments in rural infrastructure, including storage facilities and roads;
- transport and distribution of farmer's inputs;
- support to research and development for integrated pest management or experimentation with new bio technologies;
- promotion of sustainable resource management and improved farming systems in cotton growing areas;

- promotion of partnerships between private companies, NGO's and government to organise sustainable cotton production chains.

5. At the national level the activities and programmes range from TRTA to privatisation of state companies. The support programmes include:

- Inclusion of the cotton reforms, privatisation and liberalisation, within sound macro-economic policy frameworks;
- Support to Trade policy, Trade Capacity Building and regulation through the Integrated Framework, the WTO Technical Assistance Programme and JITAP;
- Support to the improvement of the business climate, for example by modernisation of local business law and strengthening local business courts;
- Cooperation with and strengthening the local financial sector;
- Introduction of price stabilisation and insurance mechanisms such as Commodity Risk Management and contributions to the Common Fund for Commodities.

6. At the regional level, support is given to a number of regional initiatives or organisations such as EAC, UEMOA and ECOWAS, which are relevant in advancing the interests of cotton, for example by:

- Support to the EAC secretariat;
- Trade Policy Courses in East Africa;
- Technical assistance to UEMOA and CEDEAO organisations;
- Regional network of farmers unions;
- Regional research projects for sustainable development;
- Support to FAO regional project for Integrated Pest Management and IFDC regional programme for the agricultural sector;

- Support to four West-African cotton producing countries for the promotion of their cotton initiative within the framework of the WTO negotiations.

7. These activities are ongoing. At the same time, new activities are already being identified such as the envisaged support in the next few years to cotton producers organizations. The EU cotton partner countries will ensure that these new programmes and activities are in line with the strategies and actions that are mentioned in the road map.

Moreover, the partner countries will positively consider future support to those measures in the road map that are not yet covered by the contribution of any donor.

This support need not exclusively be a matter of extra financial investments. Substantial progress can be achieved by other means as well.

8. A first major gain would be to better coordinate and harmonise their policies and programmes. This would undoubtedly enhance their effectiveness and relevance to the cotton sector in African countries. This can, for example, be achieved by working through the Integrated Framework and the PRSP's.

9. A second step towards more effectiveness could be to enhance coherence between trade and aid. Progress at the international level should be linked to efforts at the national or even sectoral level. This could mean that reforms of the cotton sector in African countries are carefully planned and implemented and take in account the actual progress that has been made in the liberalisation of world cotton markets.

10. A third means for more effectiveness is to expand the scope of possible interventions by adopting the integral approach for the implementation of the EU-Africa Cotton partnership.

This means that support to the cotton sector not only encompasses development cooperation, but also instruments in the field of trade and investment, financial mechanisms and political and diplomatic support.

11. Finally, the EU cotton partner countries would like to take this occasion to reconfirm their strong support to the EU-Africa cotton partnership. Even though concrete proposals for donor support are not included in the road map at this time, the partner countries are prepared and willing to consider specific support measures once the road map has been sufficiently finalized. To this end, a first meeting of a number of donors will be held tomorrow morning. In order to maintain the momentum that has been achieved here in Paris, the EU cotton partner countries propose to continue their meetings of the steering committee in Brussels at regular intervals to harmonize and discuss their support to the African cotton sector.