

ITC and Denmark Help South–South Cotton Trade

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ITC, with financial support from Denmark, is seeking to improve the competitiveness of African cotton exports, especially to Asia.

Trade ministers meeting in Hong Kong, China last year urged the development community and WTO members to “further scale up its cotton-specific assistance [and] promote and support South–South cooperation, including transfer of technology”. An ITC-led project, financed by Denmark, aims to do just that.

Cotton is an important cash crop for African nations, particularly the least developed countries, among them Benin, Burkina Faso, Chad and Mali. They are heavily dependent on the export of raw cotton, which accounts for more than 50% of their export revenues. Thirty-three African countries are producers and net exporters of cotton.

The Danish grant of US\$ 580,000 will enable ITC to help African cotton producers understand and participate in world cotton markets, especially in Asia. The project, which includes marketing issues, complements important initiatives of other donors in agricultural development, cotton production and quality improvements. By helping cotton producers to strengthen their export promotion, they will be able to reap the benefits of increasing production, productivity and quality.

ITC will produce a down-to-earth guidebook on how to find new business partners in world markets. The “Cotton Exporter's Guide” will be a reference for cotton exporters, especially smallholders and traders, on how to finalize orders and manage the overall export process.

A major part of the guide will focus on new cotton markets in Asia, especially in China. While China is the world's largest cotton producer, with 5.8 million tonnes estimated in 2005–2006, it will still fall short of its needs by about 3 million tonnes during this period. This makes China a potential and growing market for West African cotton.

In 2004, for the sixth consecutive year, world cotton consumption increased by 5.5%, reaching 22.4 million tonnes.

Developing countries in Asia processed 68% of world cotton into textile and clothing products in 2004, up from 56% in 1998. Since Asian markets are not easy to access, ITC is working closely with the authorities of the importing countries on behalf of African exporters.

The project will give African cotton exporters an in-depth understanding of Asian market requirements. It will also result in South–South partnerships between African cotton exporting countries and Asian cotton importing nations, including for value-added products. The project is designed to stimulate Asian developing countries (such as China) to increase the practice of technical assistance among developing countries. This will, in turn, create a win-win situation. African countries will export more and higher-quality cotton, while Asian developing states will receive the cotton quality they need for their thriving textile and clothing industries.

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