

United Nations Conference on Trade and Development

Regional Workshop on Promoting Cotton By-Products in Eastern and Southern Africa

28-30 May 2019, Johannesburg, South Africa

Hosted by Cotton SA

Remarks from UNECA

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

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Introductory remarks by Mr. Stephen Karingi, Director of Regional Integration and Trade, United Nations Economic Commission for Africa (UNECA)

Excellencies,
Distinguished Ladies and Gentlemen,
Dear Colleagues,

It is my honour and great pleasure to attend this regional workshop which is held under the UN Development Account project on Promoting cotton-by products in Eastern and Southern Africa. This project, implemented by the United Nations Conference on Trade and Development (UNCTAD) in collaboration with the United Nations Economic Commission for Africa (UNECA) and the Common Market for Eastern and Southern Africa (COMESA) is aligned with regional and global efforts to support Africa's economic diversification through value addition. The project fits within the overall objective of UNECA's programme to promote inclusive and sustainable economic and social development for accelerating Africa's structural transformation.

The importance of cotton sector, including the value chains from seed cotton to textile and other by-products such as cottonseed, oil and cake, to African economies cannot be overemphasized. The sector remains vital for a number of countries, generating export revenues for governments, as well as employment and incomes for families. For example, Egypt is a leading country in the sector with a well-established vertically integrated industry which employs more than 1 million workers. In Tanzania, nearly 500 000 small farmers with their households are directly involved in cotton production today; and, in Burkina Faso, cotton sector contributes to more than the third of the country's foreign earnings and involves more than 350 000 producers.

It is true that production of seed cotton has decreased in many African countries over the past few years. In 2017, cotton production in Africa was estimated at about 4.2 Million tonnes compared with more than 4.5 Million tonnes in early 2000s. Countries including Uganda, Zambia and Zimbabwe have recorded significant drops in their

cotton production over the past few years. These developments certainly pose severe challenges for the promotion of cotton by-products.

The outcomes of this project in the 4 beneficiary countries namely Uganda, Tanzania, Zambia and Zimbabwe suggest existence of many opportunities to promote markets for cotton by products including cottonseed oil, biomass briquettes and absorbent cotton wool – to cite a few. However, the findings also reveal that seizing these opportunities requires addressing existing challenges such as low productivity and production of seed cotton, gaps in regulatory policies and infrastructure bottlenecks. Investing in research and development while creating enabling environment that foster innovations are also very important.

These actions and others are critically needed to support development of cotton value chains that would in turn structurally transform the economies of producing countries, where resources are shifted from low to higher value added activities. *I firmly believe* this technical cooperation project and others, and particularly this workshop will contribute to sharing experiences and lessons that would ultimately contribute to reviving Africa's cotton and by-products sector.

Promotion of value addition to Africa's commodities sector is at the core of UNECA's agenda. In recent years, we have dedicated significant resources to research, policy formulation and capacity building that contribute to advancing structural transformation of African economies through industrial development.

The UNECA has been supporting Africa's behind the border Agenda, in particular the African Continental Free Trade Area (AfCFTA) that offers opportunities to support RVCs, in particular that of cotton. The AfCFTA, if effectively implemented, is expected to integrate African markets and address issues related to fragmentations of the economies. This would certainly create opportunities to maximize the potential of regional values chains that are at present untapped.

According to estimates by ECA, the AfCFTA can potentially contribute to fostering integration of African economies by increasing the share of intra-African trade (exports) by nearly 40 per cent to over 50 per cent, between 2020 and 2040; the textile and apparel sector being one of the sectors that could highly benefit from the implementation of the Agreement.

To make the AfCFTA a reality, UNECA has been collaborating with several partners including the African Union Commission, the International Trade Center and UNCTAD to provide required support to AU member States. Our current areas of intervention in countries include consensus building around the AfCFTA and support provided to countries to develop and implement AfCFTA National Strategies. The Strategies are expected to complement a broader development framework, especially

in relation to the trade policy environment of each State Party to the AfCFTA Agreement. A country's National Strategy will facilitate the identification of key value addition and trade opportunities, current constraints, measures and capacities required for it to take full advantage of national, regional and global markets within the AfCFTA context. Cotton and its by-products are some of the products that have great potential for value addition under a fully operationalized AfCFTA. Our support to countries will certainly draw on the outcomes and recommendations from this DA project on cotton products.¹

At regional levels with regards to cotton value chains, several countries in the SADC Region including Uganda, Tanzania, Zambia and Zimbabwe produce cotton that could be used for well-developed textile and garment industries located in Mauritius and Madagascar! Regional approach to develop agricultural value chains remain key. The main argument is that African economies are fragmented and therefore, deepening regional integration remains the way forward to support industrialization. This would certainly entail developing the productive capacity in the Region just as scaling up cotton production and creating a conducive environment for the industry to shape businesses and grow.

Interventions should also focus on mobilizing capital to finance cotton farming initiatives to increase resilience of small farming communities. There is a need to connect rural farming communities, in particular women and youth. This can include the use of mechanisms such as transport, accessible, efficient and equitable direct financing platforms that will help farmers optimize their decisions and increase their output. Projects to mitigate adverse effects of climate change on small-scale cotton farming remain critical!

To conclude, I believe this workshop will result in tangible outcomes that would contribute to scaling up cotton production and the development of cotton and its by products in Eastern and Southern Africa.

I wish to all of us fruitful discussions and deliberations.

¹ Two of the DA project countries namely Zimbabwe and Zambia are covered under the EU project component on National Strategies. The other DA project countries, that is Uganda and Tanzania are covered under the Outcome I: national AfCFTA advocacy forums.