CHINA-AFRICA COOPERATION
UNDERSTANDING THE
CHINESE MARKET AND
PROMOTING AFRICAN COTTON

CHINA, 13-20 OCTOBER 2011
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Cover photo (from left to right): Inaugural session during the cotton seminar with the China Cotton Association in Beijing/Visit to cotton fields around Beijing in Hebei province /Visit to a spinning factory in Shanghai/Meeting between African cotton exporters and Chinese cotton importers in Shanghai

Projet INT/75/24E
ITC AFRICAN COTTON DEVELOPMENT INITIATIVE

DEVELOPING THE COTTON VALUE CHAIN IN AFRICA THROUGH SOUTH - SOUTH COOPERATION

ITC’s Cotton Development Initiative uses south-south cooperation to make Africa a stronger competitor in the international cotton trade. It has two major focus areas. We facilitate learning and collaboration with countries that have successfully built a cotton and T&C sector and build sustainable trade linkages (exports and imports).

- FACILITATE LEARNING AND COLLABORATION

- Learning from success. Training programmes organized by ITC allow successful cotton producers in e.g. China, India and Turkey to share their knowledge with cotton professionals from Africa.

- Developing capacity to transform cotton. Successful textile and clothing producers in Asia are relaying their experiences to African countries. Closer linkages with cotton consuming spinning mills will lead to closer partnerships between spinners, ginner and farmer groups. These partnerships in turn will lead to major improvements along the value chain, including on the quality of cotton, and ensuring long-term stable markets.

- Encouraging intra-African cooperation. Extensive knowledge and know how is available in Africa but often neglected.

- DEVELOPING SUSTAINABLE TRADE LINKAGES

- Sourcing from other developing countries. Finding new suppliers in the developing world promotes savings on items ranging from seeds and fertilizer to ginning and textile technology.

- Promoting African Cotton: ITC assists African cotton companies, independent ginners and producers to benefit from closer linkages with cotton-consuming countries in Asia not only to learn what their clients expect from them but also to promote their cotton.

- Reducing cotton contamination in Africa remains an important issue even though in many cases the reputation of African cotton is “more contaminated” than the actual cotton itself. To overcome this we identify interested spinning mills willing to assist selected ginning factories to produce clean lint.

- OTHER TECHNICAL ASSISTANCE UNDER ITC’S COTTON DEVELOPMENT INITIATIVE:

- Sector strategy development

- Capacity Building of Cotton-related Associations at National and Regional Level

- Capacity Building in Cotton Trade and Marketing
Introduction

Within the framework of ITC cotton development activities and under the sponsorship of the EU-funded “All ACP Agricultural Commodities Programme”, the International Trade Centre (ITC) conducted a one week training programme aimed at South-South cooperation and African cotton promotion to China from 13 to 20 October 2011 in Beijing and Shanghai.

The “China-Africa cooperation on value chain transparency: understanding the Chinese market and promoting African cotton” event was organized under the supervision of Mr. Matthias Knappe, ITC programme Manager for Cotton, Textiles and Clothing, Sector Competitiveness Section, Division of Market Development.

Ms Sarah Hua, senior economist-consulting engineer at the China Textile Planning Institute of Construction (CTPIC) and Mr Qingliang Gu, professor at Donghua University and both consultants for ITC coordinated the different activities in Beijing and Shanghai.

Mr Lu Peng, in charge of public relations at the China Cotton Association (CCA) also supported the organization of the visits and conferences in Beijing.

Mr Adrien Ranchon, consultant (ITC) coordinated the participation of the African participants, managed seminar logistics and prepared this brochure. All photos were taken by Adrien.

15 representatives of cotton companies and regional organisations from West and Central Africa (Benin, Cameroon, Côte d'Ivoire, Mali, Senegal, Chad and Togo) participated in the programme. African regional associations and institutions such as the African Cotton Association (A.C.A), the African Cotton Producers Association (AProCA), the West African Monetary and Economic Union (UEMOA), the Economic Community of Central African States (ECCAS) as well as the Research and Training Centre for Textile Industry (CERFITEX) were represented.

The training programme was organized by ITC in close cooperation with the China Cotton Association (CCA), the China National Textile and Apparel Council (CNTAC), the Donghua University, and with the support of the Ministry of Commerce of People’s Republic of China (MOFCOM).
The cotton and textile industry in China

China is the biggest cotton producer, consumer and importer in the world. In 2010, estimated cotton demand in China was around 10 million tons. With the growth of the population, it is expected to exceed 14 million tons in the coming years. In 2010, national cotton production accounted for 6,70 million tons, and cotton imports for 2,58 million tons, representing approximately half of the world’s cotton imports. Table below shows national cotton production and imports trends in China since 2006:

<table>
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<tr>
<th>National cotton production and imports in China (million tons)</th>
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Main cotton exporting countries to China are the United States, India, Australia, Uzbekistan and Brazil.

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<th>Percentage of imported cotton to China in 2010</th>
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Cotton plays an important role in the national economy and incomes generated from cotton production represent significant benefits. It is estimated that around 40 million persons are working in cotton production and 120 million are involved along the cotton value chain in China.

The textile and clothing industry in China contributes significantly to the development of the national economy accounting for about 11% of the GDP in 2010. China ranks first in the world yarn production. The production of yarn in China increased from 31% in 2004 to 73% in 2010, exceeding more than 10 million tons.

African cotton in the Chinese market

In 2010, Africa was the 6th biggest cotton producer after China, India, the United States, Brazil and Pakistan and before Uzbekistan and Australia, and accounted for 10% of world cotton growing areas. In terms of world cotton exports, Africa was the 3rd biggest exporter after the United States and India.

Around 2,000 Chinese companies use African cotton. Cotton imports from Africa to China reached about 300,000 tons from January to July 2011.

To date, the main competitors for African cotton exporting countries in the Chinese market are India as well as Brazil.
Chinese spinners and cotton buyers are very exigent in terms of quality and use mainly types of cotton that have similar specificities to that of Indian origin, such as H-4 or Shankar-6 for instance (Fibre length 1.1/8-28 mm; Micronaire 3.5/4.9; Strength 27-29).

Feedback received from the cotton spinning factories and the inspection & quarantine department during the training programme in China outlined the main issues that need to be addressed for African cotton in the Chinese market:

- Sugar content
- Uneven micronaire value
- Fibre strength has been decreasing to some extent.
- Cotton contamination is still a problem

**Outlooks and trade opportunities between Africa and China**

African cotton industry is looking for opportunities to export cotton, import new ginning technologies and materials as well as to attract investments in the textile sector at regional level. In China, the textile industry needs to find new supply sources of cotton to meet the growing domestic demand. Therefore, there is a big potential for South-South cooperation all along the entire value chain from cotton to clothing between Africa and China.

**Opportunities to increase African cotton exports:**

China foresees to increase its cotton imports (more than 2 million tons in 2010) while stabilizing its production (around 7 million tons). China is the most important market for African cotton. With a current cotton production of 1 million ton and a potential of production of more than 3 million tons, Africa is able to meet the needs and requirements of the Chinese market.

**Opportunities to develop the textile industry in Africa:**

In Africa, the textile industry needs investments, outsourcing and technology transfers from the Chinese textile industry to process cotton at local or regional level. Chinese textile companies are willing to invest in Africa because the cost of production is increasing in China.
### Participants

Group photo with West and Central African participants and cotton and textile stakeholders in Hebei province, China

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<tr>
<th>BENIN</th>
<th>CAMEROON</th>
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<tr>
<td>Mr Saer DIOP</td>
<td>Mr Haman HAMADOU</td>
<td>Mr Franck Teba ALLOU</td>
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<tr>
<td>Sales Manager</td>
<td>Head of Service</td>
<td>Head of Sales and Logistics Service</td>
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<td>SODECO (Société pour le Développement du Coton)</td>
<td>Sales Department SODECOTON (Société de Développement du Coton du Cameroun)</td>
<td>CIDT (Compagnie Ivoirienne pour le Développement des Textiles)</td>
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<tr>
<td>Mr Boubacar BA</td>
<td>Mr Idrissa TIRERA</td>
<td>Mr Justin NADJIADIM</td>
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<td>Sales Manager</td>
<td>Sales Manager</td>
<td>Head of export sales invoicing</td>
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<td>CMDT (Compagnie Malienne pour le Développement du Textile)</td>
<td>SODEFITEX (Société de Développement des Fibres Textiles)</td>
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<th>TOGO</th>
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<tr>
<td>Mr Sosso Dazimwai KOULOUN</td>
<td>Mr Aboubacar SINGARE</td>
<td>Mr Donatien Kueci ZOLA</td>
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<tr>
<td>Head of warehouses Service NSCT (Nouvelle Société Cotonnière du Togo)</td>
<td>Spinning professor CERFITEX (Centre de Recherche et de Formation pour l’Industrie Textile)</td>
<td>Consultant Coordinator Regional Focal Point for COS-coton in West Africa UEMOA (Union Economique et Monétaire Ouest Africaine)</td>
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<td>ECCAS</td>
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<td>A.C.A</td>
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<tr>
<td><strong>Mr Jean-Edouard ETOKE</strong></td>
<td><strong>Mr Moussa SABALY</strong></td>
<td><strong>Mr Bachir DIOP</strong></td>
</tr>
<tr>
<td>Assistant to the Focal Point in Central Africa</td>
<td>President AProCa (Association des Producteurs de Coton Africains)</td>
<td>President A.C.A (Association Cotonnière Africaine)</td>
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<tr>
<td>ECCAS (Economic Community of Central African States)</td>
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**A.C.A TECHNICAL COMMITTEE ON QUALITY, CLASSIFICATION AND METROLOGY**

- **Mr Alidou AMADOU SOULE**
  General Secretary
- **Mr Issiaka DEMBELE**
  Member
- **Mr Lucien TCHALLA**
  Substitute member

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**Contributing associations and companies**

- Ministry of Commerce of People's Republic of China (MOFCOM)
- China Cotton Association (CCA)
- China National Textile and Apparel Council (CNTAC)
- Donghua University, Shanghai
- Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)
- Guoxin Seeds, Ltd.
- Hebei Hongrun New Type Material Co, Ltd.
- MetersBownWe, Ltd.
- Three Gun Group Knitting Co, Ltd.
- Wuxi No. 1 Cotton Mill, Ltd.
- Zhangjiagang FTZ Textile Resources Market
- Hua Fang Group of China, Ltd.
Beijing 14 October 2011

Seminar on the cotton sector in China and meeting with the China Cotton Association (CCA)

A one day seminar was conducted in close collaboration with the China Cotton Association (CCA) to present and better understand the cotton sector in China. Technical presentations were delivered by various CCA’s departments, i.e. the Cotton Farmer Corporation Department, the Division of Quality of the Cotton Development Department and the Cotton Storage Department.

Presentations were followed by an answers-questions session. A meeting between the China Cotton Association (CCA) and the African regional cotton associations, i.e. the African Cotton Association (A.C.A) and the African Cotton Producers Association (AProCa) followed the seminar.

Opening speeches and presentation of the objectives of the programme

**Inaugural session & welcoming remarks :**

- Mr Wang Jianhong, Deputy General Secretary - China Cotton Association (CCA)
- Mr Bachir Diop, President - African Cotton Association (A.C.A)
- Mr Matthias Knappe, Programme Manager, Cotton, Textile and Clothing Programme - International Trade Centre (ITC)

During the inaugural session, representatives of the China Cotton Association (CCA) and the African Cotton Association (A.C.A) presented the main objectives of their respective associations and highlighted the possible future cooperation between both institutions. The ITC programme manager addressed a warm welcome to the participants and different partners involved in the programme and reminded the major objectives of the China-Africa cooperation programme.

Quarantine, Inspection and Registration of Cotton in China

AQSIQ (Administration of Quality Supervision, Inspection and Quarantine) is a government entity created in 2008 which regulates cotton imports to and exports from China. In 2011, 549 international companies were registered and 414 were already approved by AQSIQ. 27 African enterprises have applied so far and 24 were accepted.
Mr Song Xiushun, Director of Supervision and Inspection Department of AQSIQ, provided several suggestions and advice to the African representatives on how to facilitate the registration and certification of their enterprises to AQSIQ aimed at exporting cotton to China:

a) Need to set up efficient quality control measures from origin to storage
b) Follow trade standards and encourage business to use the China cotton purchase contract
c) Learn and increase African knowledge on inspection and quarantine rules and regulations on imported/exported cotton to China, by strengthening technical exchanges activities on cotton inspection between China and Africa

Overview of the cotton sector in China

The Deputy General Secretary of CCA, Mr Wang Jianhong, delivered a general presentation on the cotton sector in China with a focus on the production, consumption and financing of the sector as well as on the significant role played by associations or institutions such as CCA or AQSIQ.

China is the biggest world cotton producer, but Chinese cotton industry needs to import cotton because of the growing domestic demand. Cotton production increased from 1.5 to 6.7 million tons over the last 10 years (2000/2010). Cotton consumption in China is around 10 million tons and accounted for half of the world consumption in 2010.

The China Cotton Association plays a significant role in the cotton sector in China. It:
- represents the interests of the major cotton stakeholders (producers, producers organisations, cooperatives, ginners and spinners)
- monitors and reports on international cotton sector information (production, consumption, world prices volatility, etc.)
- elaborates and advises on trade rules and laws regulating the cotton industry in China
- launched the project « Cotton China » which provides a certification to companies fulfilling specific parameters on cotton quality
- developed close relationships and established partnerships with international cotton associations (Europe, USA).
Cotton production in China

The General Secretary of the Cotton Farmer Corporation Department of CCA, Mr Wang Dingwei, provided an overview of cotton production in China, research and development organisations and the role of genetically modified cotton in China.

China produces its own Genetically Modified Organisms (OGM) since 1994. Genetically modified cotton has a better resistance against insects and accounts for 70% of the growing areas in China with an average yield of 1 ton per hectare. The Chinese government is particularly committed to cotton research and production. There are 3 main categories of research organizations in cotton in China:

- The national research institutes: basic research and breeding of new varieties, funded by central government
- Research institutes in regional agricultural universities or academies of agricultural sciences: basic research and breeding of new varieties, funded by local government
- Companies in the seed production industry: breeding new varieties

Since 2008, Chinese farmers benefit from government subsidies ($35/hectare) because the cost of cotton production is high in China. Areas cultivated by each farmer are known and the subsidies are directly credited to their account.

Cotton ginning in China

The Director of the Division of Quality of the Cotton Development Department of the CCA, Mr Hu Chunlei, delivered a general presentation on the ginning sector in China and the reforms initiated on cotton quality inspection system.

The reform consists of implementing a cotton quality inspection system based on specific and scientific international standards. In China, there are two major categories of standards: main standards (packaging, bales conditioning, bale pressing, etc.) and technical standards (measures, security, etc.). Participants were provided with detailed explanations on basic technical conditions which have to be used by the cotton processing factories (ginning, baling, processing measures for handpicked or machine picked cotton, foreign fibres, environmental protection, etc.) in China.
Storage and e-commerce of cotton in China

The General Secretary of the Cotton Storage Department of CCA, Ms Sun Juan, presented current trends, issues and prospects related to logistics and e-commerce in China. Reforms have been implemented on production, processing, quality inspection and storage of cotton.

Ms Sun Juan explained the general functioning of the storage and e-commerce of cotton in China. The promotion of electronic commerce for cotton trade in China is supported by government policies. African delegation asks detailed questions about cotton transactions made under e-commerce contracts.

Over the last years, cotton logistics in China have improved thanks to continuous improvements of storage conditions, transportation, loading/unloading conditions and packing of cotton.

Meeting between the African and Chinese Cotton Associations

The meeting brought together the presidents of the African cotton associations such as A.C.A and AProCA with the General Secretary and several members of the China Cotton Association. Discussions focused on the cooperation along the value chain, the collaboration between the various technical committees in areas such as agronomy, ginning, quality, and cotton production and the facilitation of trading relationships with Chinese spinning companies.

Presidents of A.C.A and AProCA proposed several possible areas of cooperation to CCA. General Secretary of CCA highlights the necessity for China to collaborate with Africa in cotton trade. CCA members keenly listen to the discussions and proposals from both sides.

The discussions outlined the need to develop regular information exchanges between associations (presentation, needs, experiences and objectives of the associations) and participation in annual meetings of the associations in China and Africa. To start institutional cooperation, A.C.A invited the representative of CCA to attend the 10th A.C.A annual meeting, which will be held in Zimbabwe in March 2012. A.C.A and AProCA will send a proposal of a Memorandum of Understanding to CCA by the end of the year 2011.
Beijing 15 October 2011

Visit to the Guoxin Seeds cooperative, Hebei province

Founded in 1984 and encompassing over 60,000 members across the country, Guoxin Seeds is a cooperative specialized in research and development, production and sale of new varieties of genetically modified seeds. It also provides information services and training for producers. Guoxin Seeds is the largest seed supplier in China and produces approximately 6,000 tons of seeds per year.

African delegation receives a warm welcome from the general secretary of the cooperative followed by a presentation on the main role and mission of the organisation

Observation of cotton fields where new varieties with higher yields (41%) and disease resistance capacity are tested. Currently Guoxin produces 15 certified varieties

Presidents of the African associations together with women farmers who are picking cotton by hand in the fields

President of AproCa asks technical explanations on production and cotton varieties (yields, fertilizers used, etc.)

ITC Programme Manager together with the presidents of A.C.A and AproCa in cotton fields

Observation of ginning machines and process in the factory of the cooperative

During the visit, participants observed new irrigation as well as new planting techniques and plan to test it in their home countries. Guoxin Seeds is affiliated to the cotton producers corporation of CCA, a branch of the association aimed at promoting cotton development and defending the interests of the producers.

After visiting the cotton fields, participants observe the storage and quality of cotton harvested

Participants visit a factory where products for bedding are manufactured

Factory manager describes the quality and process of the end products manufactured
Visit to the Hebei Hongrun spinning and textile factory

Hebei Hongrun New fabric Corp. Ltd. is a spinning and textile company founded in 2004. It is the leading spinning factory in Hebei province and one of the largest cotton textile company in northern China.

Observation of the machines which collect and mix the cotton extracted from the bales

Head of the factory answers in details to the questions asked by the participants during the visit

Participants observe ring spinning technology used by the company. The machines are mainly of German, American and Swiss origins

A technician is controlling the carding process in the factory. Hongrun company employs 3,000 people in total

The representative of CERFITEC (Research and Training Centre for Textile Industry) in Mali observes the machines and combing process

Group photo and discussions between the participants and the factory manager Mr Wang Shaoxin after the visit outside the factory

Hongrun factories have a total of 600,000 spindles of which 95% are used to process cotton. Approximately 40,000 to 50,000 tons of cotton, mainly from the United States, China and Australia, are used each year. The company forecasts to reach 1 million spindles with an annual production capacity of 87,500 tons of fibre in the coming years.
Shanghai 17 October 2011
Seminar at Donghua University

A seminar on the textile and clothing industry was held at Donghua University which is the largest institute specialized in textile in China and worldwide. Donghua University established partnerships with over 60 institutions and companies around the world and hosts annually more than 20,000 students, of which 2,000 come from abroad.

The following technical presentations were given by professors and experts from the University during the seminar:

- The development and prospects of the textile and clothing industry in China and in the world - Prof. Gingliang Gu, Research Centre of Textile Economics and Management
- The China cotton textile industry and its cotton consumption – Prof. Chongwen Yu
- The status and prospects of African cotton in the Chinese market – Dr. Wang Hua, Textile Institute, Donghua University

African delegation is warmly welcomed by professors of Donghua University in the conference room

Prof. Qingliang Gu highlights the importance of the textile and clothing industry in China which has grown from a capacity of 15 million spindles in 1978 to 110 million in 2009

In 2010, Chinese spinning sector represents half of the world capacity and clothing production is equivalent to 40% of the world production

Prof. Chongwen Yu described the increasing demand for high quality yarns. In 2010, cotton yarn production exceeded 2 billion tons in China

Textile industry accounts for 11% of China’s GDP and employs 10.8 million people

World market share of China in yarn production increased from 31% in 2004 to 73% in 2010
Dr. Wang Hua explains to the African cotton exporters the quality requirements and needs of spinners and how to access easily to the Chinese market

While it is generally appreciated for its quality, African cotton is unknown by most of the Chinese companies and there is therefore a great potential in the Chinese market for African cotton

Dr. Wang Hua gives proposals to the African delegation on setting up a « China-Africa International Cotton Trade Association Service Centre”

A.C.A president expresses African delegation’s willingness to work closely with China in many areas to promote African cotton

Participants ask the lecturers on the ways to implement a trade centre between China and Africa

Professors of the University pay attention to the discussions and questions and estimate that the objective of establishing the Centre can be reached within 2 to 3 years

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Visit to Metersbonwe headquarters

*Metersbonwe is one of the largest brand for apparel in China and produces about 200 million garments a year with a projected turnover of 10 billion RMB (1,5 billion US dollars) in 2011. The brand primarily targets 18-35 year old people, has 3,500 stores and employs 16,000 persons in China.*

Visit to the museum located in Metersbonwe headquarters where unique collections of clothing and objects from different Chinese ethnicities are displayed

Director of marketing strategy Mr Morgan Zhang presents the company and answers to the questions of the participants

Mr Morgan Zhang explains the business model and the main reasons of the successful implementation of the company in the Chinese market
Metersbonwe’s business model is simple: the company is specialized in the design of clothing, the manufacturing and transportation of the products is outsourced to sub-contractors, while the marketing of the products is done in own shops or through franchises. In 2010, 60% of the turnover was made by franchises. Metersbonwe’s subcontractors use mainly Chinese, American and Indian cotton.

**Shanghai 18 October 2011**

**Visit to the China international trade fair for apparel fabrics and accessories**

The 17th edition of the China international trade fair for apparel fabrics and accessories took place at the new exhibition centre in Shanghai from 18 to 21 October 2011. China is the largest fabrics supplier and consumer in the world. This year approximately 3,110 exhibitors from 23 countries, including 923 foreign exhibitors presented their latest products during the exhibition.

The fair includes a wide variety of products divided into different categories according to end use: fabrics for dresses or women's fashion wear, sportswear, shirts, jeans, underwear and accessories. During the visit, the African delegation observed the different types of fabrics and accessories and the latest innovations (smart fabrics) for clothing used in the textile industry in China and abroad.

Contacts were made with companies that produce cotton fabrics. As many exhibitors are vertically integrated, potential was identified to develop closer feedback loops on African cotton. Moreover, the fair provided a good opportunity to understand fabric development and to witness the increasing market share of manmade fibre to the detriment of cotton.

**Visit to the textile factory Three Gun (Group) Knitting Co., Ltd**

*Founded in 1927, Three Gun Group is a leading company in weaving and garment manufacturing in China. It produces about 18,000 tons of fabrics annually and its turnover rises to more than 100 million US dollars. Three Gun Group has a specific certification for quality and a network of over 700 stores. The company exports mainly to Japan, Europe, the United States, Australia and New Zealand.*
Participants are welcomed by Three Gun Group’s representatives in the conference room before the factory visit.

A.C.A president explains the main objectives of the trade promotion mission followed by the broadcasting of a movie on cotton contamination reduction in West Africa.

Deputy general manager presents Three Gun Group and outlines the requirements in terms of quality of the company which collaborates with big international corporations.

After the meeting with the African delegation and the broadcasting of the movie on the efforts to reduce contamination in West Africa, Ms Xue Feng Ji, Deputy General Manager, expressed her good impression about cotton quality control in West Africa and would welcome a future possible collaboration with African cotton companies.

During the factory visit, participants have detailed explanations on the textile to clothing value chain.

Participants witness the material and equipments, such as yarns coils used to manufacture fabrics.

CERFTEX’s spinning professor explains the operation of a knitting machine.

Observation of cleaning and drying fabrics machines before the manufacturing of clothing.

Approximately 6,000 persons work in the factory, of which a large majority of women, here preparing the packaging and labelling of products.

Participants observe the quality and the packaging of final products. Three Gun Group is the only company licensed to manufacture Disney products for sale in the Chinese market.
Shanghai 19 October 2011
Visit to Wuxi No. 1 Cotton Mill

Wuxi No. 1 Cotton Mill founded in 1919 is part of the Wuxi Talak Investment Group. Specialized in spinning and manufacturing of fabrics, the company has a capacity of 500,000 spindles, 900 looms and produces 26,000 tons of yarns each year, mainly exported to Europe for international luxury brands (Hermès, Hugo Boss, Lacoste, Gucci, etc.).

The African delegation is warmly welcomed by the general manager of the company Ms Zhou Ye Jun

Director general introduces Wuxi No.1 Cotton Mill as the first Chinese company in terms of quality standards and wishes to collaborate more with African cotton companies

Main African representatives ask general questions about the company and the needs and requirements in terms of cotton quality for a future possible collaboration

Visit and observation of the warehouse storage and cotton bales packaging in the factory

Wuxi No.1 Cotton Mill uses less cotton compared to other factories because yarns produced are very fine and of high quality

Types of cotton used are mainly from China (Xinjiang), America, Egypt, Sudan and Australia because the company needs long staple fibres

Experts from A.C.A technical committee on quality, classification and metrology inspect the quality of the cotton stored

During the factory visit, participants learn about the latest technologies and machines used for spinning

A technician is making adjustments on spinning machines. Productivity in the factory is high as the ratio is only 25 persons for 10,000 spindles
Visit to the facilities and premises of AQSIQ

International companies seeking to export cotton to China have the opportunity to register to AQSIQ (General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China) which evaluates the companies delivery according to eight criteria (grade, staple length, weight, micronaire, contamination, packaging, waste and impurities). The process of registration is done through a website (www.aqsiq.net) and then companies, once registered and accepted, are ranked on a list of quality certification.

Visit to Zhongrong Logistics’ warehouse where cotton bales exported to China are stored and inspected for AQSIQ before being sold
Experts from the A.C.A technical committee on quality, classification and metrology inspect cotton bales from Burkina Faso, of which 2,000 tons are stored in the warehouse
Warehouse manager explains that one bale out of ten is inspected and inspection related charges are shared between traders and buyers

Visit to AQSIQ’s classification laboratory where cotton samples are analyzed both manually and by using HVI machines
Cotton classifier explains that most of the cotton analysed is originally from the United States and Australia and is corresponding to well known international standards
The classification laboratory equipped with HVI machines can analyse 700 to 800 cotton samples per day

During the visit of the warehouse where cotton bales are stored and the classification laboratory of AQSIQ, the importance of marking cotton bale with bar codes was highlighted. Additionally, as standards for imported cottons are usually agreed upon between traders and sellers, there is a need to disseminate African standards labelled by A.C.A in order to have an internationally recognized reference, such as American or Australian cotton standards.
Visit to the Zhangjiagang Free Trade Zone Textile Resources Market

Zhangjiagang Free Trade Zone Textile Market Resources is aimed at promoting cotton import and export to China. In 2010, over 300 international companies have exported cotton to China through this free trade zone for an amount equivalent to 350,000 tons. The JiangsSu trading cotton centre in the free zone commercializes directly cotton to Chinese companies.

Meeting and presentation of the role and functions of the free zone to the African delegation

Director General Mr Cao Wei is willing to cooperate with African companies to facilitate African cotton exports to the Chinese market

Among the various questions, A.C.A president expresses the possible establishment of a trade representative office for African cotton in China

The free zone has the advantage of not being subject to import quotas set by the Chinese government and provides the opportunity for spinners to buy "On Call" (purchase option). During the meeting, free trade zone representatives expressed their willingness to act as an intermediary for selling directly African cotton to enterprises in China. In exchange, African companies should commit to sell their cotton on CIF/C&F (Cost, Insurance & Freight/Cost & Freight) terms, which means taking over the costs of transportation and storage until cotton is delivered in a Chinese port.

The African delegation expressed its interest in using the trading cotton centre of the free zone as a trade representative office aimed at promoting African cotton in the Chinese market. A.C.A invited the representatives of the free trade zone to participate in the next annual general meeting of the association to be held in Zimbabwe in March 2012, in order to start discussions on a possible future cooperation.
**Shanghai 20 October 2011**

**Buyer-seller meeting and brainstorming session**

*The last day of the programme provided an opportunity to the African delegation to present the cotton sector in Africa as well as the efforts implemented to eliminate cotton contamination, and meet individually with representatives of Chinese spinning, textile and ginning equipment companies.*

<table>
<thead>
<tr>
<th>Representatives of many Chinese companies attended the presentations on African cotton sector and met with African cotton exporters</th>
<th>A.C.A president gives an overview on the cotton sector in Africa and describes the strengths and prospects for African cotton in China</th>
<th>The president of A.C.A’s Technical Committee on Commercialisation highlights the efforts implemented to reduce cotton contamination in West Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question and answer session outlined the interest of Chinese buyers both for organic and African cotton</td>
<td>General Secretary of the A.C.A Technical Committee on Quality, Classification and Metrology answers questions about African cotton standards</td>
<td>Delegation of Cameroon provides information on the different cotton samples available to Chinese buyers</td>
</tr>
<tr>
<td>Chinese enterprises representatives in discussion with the delegation of Togo</td>
<td>Exchange of information between the Sales Manager of the cotton company in Mali and a Chinese spinner</td>
<td>Delegation from Senegal describes the different types and quality of cotton produced</td>
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</table>
A Chinese spinner examines cotton samples from Chad
Representatives of the delegation from Benin display cotton samples to Chinese buyers
Presidents of AProCa and A.C.A with a representative of a Chinese enterprise

The buyers-sellers meeting brought together over 33 representatives of spinning, textile and ginning inputs companies who met directly and individually with African cotton producers to examine the different cotton samples and discuss about possible future business transactions.

**Brainstorming session: discussions and development of an action plan**

As a result of the various activities implemented throughout the programme, a brainstorming session was held with the African delegation to analyze the lessons learned, results and follow-up activities to implement:

**Partnership between CERFITE (Research and Training Centre for the Textile Industry) in Mali and the Donghua University in Shanghai**

CERFITEX, the West African regional training centre and the Donghua University (the largest textile university in the world) agreed to closely collaborate. A Memorandum of Understanding (MoU) will be formally elaborated and signed. CERFITEX will invite the President of Donghua University to visit Mali to formally sign the MoU. The costs will be covered by CERFITEX. The MoU will contain the following elements:

- Final year students at CERFITEX will spend one year at Donghua University, provided their English level is sufficiently high. Funds will be mobilised by the Government of China and the municipality of Shanghai.
- Technicians/professors from CERFITEX can receive an up-to-date teaching course in the latest textile technological developments at Donghua.
- CERFITEX expressed the need to procure a small spinning mill for teaching and research purposes. The university agreed to identify possible suppliers and donors.
- Finally, Donghua University shared several curricula with CERFITEX.
Proposal to establish a "Trading centre between China and Africa"

The "Trading centre between China and Africa" proposed by Dr. Hua Wang of Donghua University is a charitable non-profit organization whose main objectives are:

a) To promote cotton trade between China and Africa
b) Provide information and marketing services for Chinese cotton buyers
c) Provide effective research services composed both of African and Chinese experts (e.g. economists, lawyers, textile, government, NGOs) to improve quality, prices and trade for cotton

Partnership between the China Cotton Association (CCA), the Association of African Cotton Producers (AProCA) and the African Cotton Association (A.C.A)

The presidents of A.C.A and AProCA are willing to establish a close partnership at several levels:

- **Agronomy**: exchange and dissemination on research and technologies through cooperation on production and hybridization of seeds varieties from Chinese and African origins (e.g. visit of agricultural experts)
- **Ginning**: technology transfer on more competitive ginning equipment between China and Africa (A.C.A Technical Committee on Ginning)
- **Quality**: technology transfer on quality control equipment (e.g. bar codes for bales) (A.C.A Technical Committee on Quality, Classification, and Metrology)
- **Production**: exchange of experiences between African and Chinese cotton producers.

The deputy secretary general of CCA expressed the interest of the association in establishing a partnership at all levels mentioned above. In addition, he highlighted the need for China to buy more cotton from Africa and develop the textile industry in Africa through transfers of ginning and spinning technology.

A proposal of a Memorandum of Understanding from A.C.A will be sent to CCA by the end of 2011.

Establishment of an African marketing representative in collaboration with the Zhangjiagang Free Trade Zone Textile Market Resources and the JianSu Trading Centre for Cotton

Both sides expressed their wish to work together to promote African cotton in China. Future discussions should focus particularly on access facilitation to the Chinese market, use of Incoterms (FOB, CIF/C&F), cotton storage, and establishment of an African trade representative as a focal point for controlling cotton delivery in China.

Business opportunities: cotton export and import of ginning and other related equipments

The programme activities implemented have enabled some companies to establish close contacts with representatives of Chinese companies to explore new business opportunities:

**Cotton export:**

- CMDT in Mali proposed to sell 100 to 200 tons of cotton on CIF terms. Information gathered from cotton Chinese buyers during the mission outlined that the margin usually obtained by traders is 5,000 RMB per ton (about 790 US Dollars). If the total cost including transportation, insurance, fees at port of unloading and risk premium is less than the actual margin, then the sale would make sense. If
realised, this transaction could serve as a model for other African cotton companies.
- SODEFITEX in Senegal will also initiate discussions with Chinese buyers for the sale of cotton on FOB or CIF terms.

Import of ginning and other equipments:
- SODEFITEX established contacts with Chinese suppliers regarding the purchase of ginning equipment (new bale pressing machine) and discovered a new equipment system that could help in fighting against pollution in the delinting factory and help them getting the final certification ISO 14001.
- SODECOTON in Cameroon and CMDT in Mali have also started discussions regarding the purchase of spare parts for their ginning factory at half price compared to traditional suppliers.
- NSCT initiated discussions with three Chinese companies to buy directly spare parts and integrated measurement systems for its factories in Togo.
- The cotton quality control equipment provided by a Chinese company is three times cheaper than technology from USTER. As many cotton companies need to invest in new facilities, China could be a very competitive supply source for such equipments.

Overall, participants improved their knowledge and information on the Chinese market, which will allow giners to diversify their import and export markets. This will also enable them to negotiate better prices with international cotton traders.

In addition, information on agricultural practices, producer associations, government support for the cotton sector in China were collected by AProCA which can be disseminated to its members.

Cotton companies and producers were able to observe new irrigation and planting techniques that they plan to test during the next campaign.

Main objectives fulfilled by the programme

Visits and meetings organised along the programme with Chinese representatives of spinning, textile and clothing companies as well as various seminars on the cotton and textile industry in China enabled participants to meet the following objectives:

1. Better understand the Chinese cotton market and increase the knowledge on the needs and requirements of spinners/consumers.
2. Establish a « customer focus » with Chinese cotton spinners/consumers for a future cooperation on trade and cotton quality.
3. Learn from the knowledge and considerable experience of China along the cotton to clothing value chain.
4. Establish contacts for possible future cooperation between the African and Chinese cotton associations and initiate trade relations on cotton export and ginning equipment import.
# Lessons learned and follow-up activities

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<tr>
<th>LESSONS LEARNED</th>
<th>FOLLOW-UP ACTIVITIES</th>
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<tr>
<td><strong>COTTON TRADE AND MARKETING</strong></td>
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<tr>
<td>• Cotton demand in the Chinese market will increase strongly in the coming years and there is therefore a significant potential for African cotton in this market</td>
<td>• Implement a partnership between African Cotton Associations (A.C.A/AProCA) and the Chinese Cotton Association (CCA/CNTAC) to facilitate trade and promote African cotton in China</td>
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<td>• Participation in annual meetings of the respective associations in Africa and China (Invitation to the A.C.A general assembly in March 2012 in Zimbabwe)</td>
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<td>• Increase national production capacities using modern technologies (e.g. new seed varieties) with the support of the public authorities</td>
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<td>• Develop direct contacts with Chinese spinners to receive regular feedback and improve quality</td>
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<td>• African cotton is sold at lower prices in the Chinese market because it is not recognized by the major buyers and users</td>
<td>• Promote the African cotton standards labelled by A.C.A in the Chinese market in close collaboration with CCA</td>
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<td></td>
<td>• Implement a trade representation office/person for African cotton in China in collaboration with the various institutions met during the programme (CCA, free trade zone, Donghua University)</td>
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<td>• Negotiate a premium with spinners for the purchase of &quot;clean cotton&quot; certified as non contaminated</td>
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<td>• Collaboration between CCA, Jiangsu Cotton Trading Centre and A.C.A to promote African cotton in China</td>
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<tr>
<td>LESSONS LEARNED</td>
<td>FOLLOW-UP ACTIVITIES</td>
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<tr>
<td>• As African cotton is not recognised by most of the Chinese spinning and textile factories, there is a need to promote African cotton on this market</td>
<td>• African cotton companies should develop mechanisms to promote African cotton among spinning factories such as e.g. participating to the China international trade fair for apparel fabrics and accessories</td>
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<tr>
<td>• Chinese spinners and cotton users are willing to buy directly African cotton on CIF/C&amp;F terms</td>
<td>• Prepare some samples of clothing made of African cotton, such as T-shirt, towels, jeans, etc.</td>
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<td>• Use the marketing representation office/person mentioned above for promoting African cotton in China</td>
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<td>• Implement a direct sale of cotton on CIF/C&amp;F terms to figure out the related prospects and issues which could serve as a model for future direct sales</td>
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<td>• Organize a specific training for marketing managers on the risks related to the direct sale of cotton to China</td>
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<td>FOLLOW-UP ACTIVITIES</td>
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<tr>
<td>▪ Chinese spinners and cotton users are very demanding in terms of quality and</td>
<td>▪ Improve efforts to reduce cotton contamination from the origin and improve quality</td>
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<td>after-sales service</td>
<td>control along the value chain</td>
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<tr>
<td>▪ Better understanding of the requirements and needs of Chinese spinners and</td>
<td>▪ Train all stakeholders involved along the cotton value chain to reduce contamination</td>
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<tr>
<td>cotton users</td>
<td>from the origin</td>
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<tr>
<td>▪ Importance of upgrading the fibre testing technology to meet the quality</td>
<td>▪ Extend the project on contamination reduction to other countries in West and Central</td>
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<td>requirements of potential clients</td>
<td>Africa</td>
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<td></td>
<td>▪ Invest in HVI machines in Africa for having all fibre parameters tested before</td>
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<td>exporting</td>
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<td>▪ Set up a barcode system for cotton bales to ensure traceability and quality control</td>
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<td>▪ Organize a visit of Chinese stakeholders from the textile industry to Africa to</td>
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<td>observe the production and quality of African cotton</td>
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<td>▪ Establish a “customer focus” approach providing the best possible service in</td>
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<td>collaboration with Chinese and African institutions and associations</td>
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### Lessons Learned

<table>
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<tr>
<th><strong>Investment and South-South Cooperation</strong></th>
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<tr>
<td>- African textile industry needs investment and technology transfers to process cotton produced at local level</td>
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<td>- Opportunities to increase trade and investment between China and Africa in the cotton and textile sectors</td>
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<td>- Chinese textile companies are willing to provide stable supply channels for African cotton</td>
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<td>- Chinese government implemented policies that encourage Chinese companies to invest in Africa</td>
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</tbody>
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### Follow-up Activities

| **Implement a partnership between African Cotton Associations (A.C.A/ProCA) and the Chinese Cotton Association (CCA) to promote investment and technology transfers in Africa** |
| **Implement a partnership between CERFITEX and the Donghua University to organize visits of spinning and textile experts to Africa and provide CERFITEX with a small spinning facility for teaching and research purposes** |
| **Maintain business relationships with companies met during the programme for the import of agricultural inputs (fertilizer, seed varieties) and ginning technology** |
| **Promote the creation of a “Trading Centre between China and Africa”** |
| **Governments of African cotton producing countries should facilitate foreign investments by setting up a favourable business environment and attractive investment policies** |