
COTTON UPDATE – May 3rd, 2006

The April 30 deadline to agree on modalities was missed – April 28 cotton subcommittee

WTO members have not been able to sustain their self-imposed deadline to reach modalities at the end of April. Progress in the negotiations has not been sufficient to enable real convergence in the positions. In this context, the WTO Director General Pascal Lamy assessed that there was no use to hold a Ministerial meeting at the end of April – beginning of May, although some Ministers, such as USTR Portman, have come to Geneva.

In agriculture, little progress has been made. Hence, the Chairman of the negotiations, Crawford Falconer, has decided to launch six weeks of permanent negotiations. The principle of continuous discussions has also been adopted in the stalled-NAMA pillar. Although no new deadline has been set for the achievement of modalities, Members have in mind that they should reach such a result by mid-June. If this is not the case, DG Pascal Lamy might decide to produce a text under his own responsibility.

This setback is no good news for cotton. Indeed, it means that the negotiations on the subject might drag on. The latest cotton subcommittee proved nothing else. The C4 did make concrete efforts to respond to the US position that cotton should be discussed after a decision on agriculture by underlining that the Hong-Kong mandate called clearly for cotton to be treated with priority¹, so as to reach the “ambitious, expeditious and specific” result as mandated in the July framework.

¹ “Members agree that the objective is that, as an outcome for the negotiations, trade distorting domestic subsidies for cotton production be reduced more ambitiously than under whatever general formula is agreed and that it should be implemented over a shorter period of time than generally applicable. We commit ourselves to **give priority in the negotiations to reach such an outcome.**”, Hong Kong Ministerial Declaration, 18th December 2006, WT/MIN(05)/DEC, para 11.

Although most Members showed support for the C4 proposal on cotton modalities TN/AG/SCC/GEN/4 (see our Newsletters no 40 & 41), no substantive discussions took place. The EU was favourable in principle to most of the cotton proposal, except regarding the blue box which would need more analysis. It requested for market access to be opened not only to LDCs but also to non-LDCs African cotton producers. It also called for emerging developing countries to grant duty-free and quota free access to these groups of countries (the Hong-Kong decision only binds OECD countries to grant this preferential access). Notoriously, the US's stance has not moved one iota. It is true that they no longer reject the C4 proposal and even showed some willingness to enter into a dialogue. However, they repeated their position calling for an ambitious result in the agricultural negotiations in general before turning to cotton.

Without the US readiness to enter into real cotton negotiations and without a tangible proposal from other countries, the cotton negotiations are facing a wall. The salvation could come from informal discussions on cotton specifically, as proposed by Egypt. Such discussions could also take place within a smaller group comprising stakeholders. This option could force true negotiations on cotton to take place. Another – complementary – option would be for Crawford Falconer to release a reference paper on cotton. It seems that he is hesitating between such a solution or integrating references to cotton wherever relevant in the general negotiations.

The big players have shown that they are unwilling to make a valid contribution to the cotton negotiations. Unlike the US stubbornness, the EU has the merit of supporting the C4 proposal. However, if the EU truly wants to help the Africans, it should now table a concrete proposal and reaction in order to jumpstart the process. In parallel, the C4 should insist that Crawford Falconer convene a room F on cotton. Both elements will help the Chairman of the cotton subcommittee to prepare a reference paper on cotton and force the USA to enter into discussions.

The Hong-Kong mandate is clear on the priority to be given to cotton. Now is the time for Members to demonstrate that they are capable of implementing the mandates that they themselves agreed upon. It is up to the Africans to insist, bilaterally and multilaterally, that negotiations finally start in earnest as soon as possible. The presence of selected Ministers in Geneva this week, the positive remark of the EU or the statement by Crawford Falconer that cotton will not be negotiated in the last night are all signs for opportunities that need be capitalized.

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