
COTTON UPDATE – 15th November 2004

On Friday 19th November, the WTO Committee on Agriculture will meet to decide whether to establish a Sub-Committee on cotton.

The meeting follows the decision by WTO Members of August 2004 to address the issue of cotton “ambitiously, expeditiously, and specifically” and to “ensure appropriate prioritisation of the cotton issue independently from other sectoral initiatives”.

Specific commodities are not usually singled out in agricultural negotiations, but the four developing country Members behind the “cotton initiative” — Benin, Burkina Faso, Chad and Mali — have successfully managed to lobby the US and other unwilling Members to discuss the matter further.

Under discussion will be the possible mandate, composition and chairmanship of a Sub-Committee on cotton.

The proposed mandate of August 2004 (WT/L/579) focuses on the importance of cotton for a certain number of countries and the vital importance of cotton for developing countries and LDCs. It also calls for coherence between the trade-related and development aspects of the cotton issue.

The composition of a Sub-Committee on cotton is unlikely to be restricted. To date, all WTO Members can participate in the meetings of the WTO bodies (except those restricted by special rules such as the panel, appellate body and plurilateral committees) and open composition allows all interested WTO Members to become involved.

In choosing a Chairman for a Sub-Committee on cotton, WTO Members could either choose to ask Ambassador Tim Groser the current chairman of the Special Session of the Committee on Agriculture to take on another role – which would allow for cross fertilisation and optimal coordination of the work on agriculture – or WTO Members could choose to give more formal specificity to the cotton issue by opting for a different chairman. However, any new chairman would need to have knowledge of the agricultural negotiations, cotton negotiations and development issues, as well as the trust of the African Group, the EU, the US and Brazil.

For the African cotton producers, it is important that the Sub-Committee is established and starts as soon as possible to discuss how to design a rapid,

ambitious and specific solution to the cotton issue in all three pillars of the agricultural negotiations: internal support, export subsidies and market access.

One important procedural matter the Sub-Committee on cotton will also have to address is how to ensure that the negotiations in the Committee on Agriculture and the Sub-Committee on cotton are mutually reinforcing and sequenced so as not to retard any decisions.

Also under close scrutiny will be the ongoing dispute between the US and the Brazilians (DS267) concerning upland cotton. In September 2004, a panel concluded that US domestic subsidies have exceeded WTO commitments and US domestic support measures have resulted in excess cotton production and exports that have caused low international prices and have resulted in "serious prejudice" to Brazil.

On 18th October 2004, the US stated that it would appeal against the panel report. It is expected that the panel decision, if confirmed, by the Appellate Body, will have a major influence not only on the cotton negotiations, but on the agricultural negotiations as a whole.

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