
COTTON UPDATE – 3rd December 2004

On Friday 19th November, during a week of agricultural negotiations, WTO Members agreed to establish a sub-committee to deal specifically with the issue of cotton.

The establishment of a sub-committee follows a decision by WTO Members in August 2004 – after some successful lobbying by the four developing country Members behind the “cotton initiative” (Benin, Burkina-Faso, Chad and Mali) — to address the issue of cotton “independently from other sectoral initiatives”.

Avoiding specifics, Members agreed to some very general terms of reference for the sub-committee and delayed inevitable tensions. Sooner or later, however, the sub-committee will have to decide what it wants to achieve and when.

In any event, the sub-committee, which is open to all WTO Members, will report periodically to the Special Session of the Committee on Agriculture. The Special Session of the Committee on Agriculture will then report to the Trade Negotiations Committee, the General Council and the next Ministerial Conference – which is to be held in Hong Kong in December 2005.

Although Ambassador Tim Groser, the current chairman of the Special Session of the Committee on Agriculture, has been proposed to act as the chairman of the sub-committee on cotton – which should allow for efficient cross fertilisation and optimal coordination of work – the challenge to push forward any momentum gained in the sub-committee still remains with the Members. WTO Members, and especially the African Group backed by the four countries of the cotton initiative, have therefore asked that a schedule of meetings and a work plan be made available as soon as possible.

During the same week as the sub-committee was established, the WTO organised a meeting on the aid aspects of cotton, which was attended by most aid agencies, the EU, the US, several other bilateral donors, as well as delegations in Geneva.

African delegations made it very clear that aid was not a substitute for trade reform and that they needed progress on both fronts - trade and aid.

The EU reported on their efforts within the EU Africa partnership for cotton and were complemented by the announcement of new bilateral actions by Member States, in particular France, Germany and the Netherlands.

The US suggested to African countries that they mobilize all their different accounts (Millennium Challenge Account, USAID). A USAID assessment mission is visiting the region to measure the needs in terms of infrastructure, technology transfer, research and supply chain management.

The IMF did draw the attention of everybody to the fact that African cotton countries were suffering from a double hit – cotton and oil imports – and expressed its readiness to look into stability measures with some guidance from the donors.

It was announced that the OECD/DAC would organize a donor meeting on January 28th 2005 to share experiences on trade and development and to determine how to integrate cotton trade aid into the aid effectiveness policies.

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